

RETURN

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To an ADDRESS of the HOUSE OF COMMONS, dated February 19, 1902, for copies of all letters, telegrams and other correspondence between the Governments of Canada, Australia and New Zealand, or any member thereof, respecting trade, transportation, cable, and other subjects of intercolonial concern.

R. W. SCOTT,
Secretary of State.

DOWNING STREET, March 2, 1900.

Governor General,
The Right Honourable
The Earl of Minto, G.C.M.G., &c., &c., &c.

I have the honour to transmit to you, with reference to your telegram of the 20th ultimo, copy of resolution submitted to me by the Pacific Cable Committee, respecting the proposed concessions to the Eastern Telegraph Company, the text of which has, I understand, been sent to you by telegraph by the High Commissioner for Canada.

Copy of a telegram on the subject which I have addressed to the Governors of New South Wales and Victoria is also inclosed.

J. CHAMBERLAIN.

PACIFIC CABLE COMMITTEE.

Resolved unanimously :—

‘That this committee would urge that no concessions should be made by any of the Australian Governments to the Eastern Telegraph Company, as a condition of laying a cable between Africa and Australia, until this committee has had an opportunity of considering and reporting on the effect of the Pacific cable scheme.’

The committee desire to submit to the Secretary of State for the Colonies a copy of a resolution passed at the sitting of the committee on February 23.

(Telegram.)

Mr. Chamberlain to the Governors of New South Wales and Victoria. (Sent 3.15 p.m., February 24, 1900.)

Following is text of unanimous resolution passed by Pacific Cable Committee yesterday: Begins—‘That this committee would urge that no concessions should be made by any of the Australian Governments to the Eastern Telegraph Company, as a condition of laying a cable between Africa and Australia, until this committee has had an opportunity of considering and reporting on the effect of such concessions upon the financial prospects of the Pacific cable scheme.’—Ends.

Under existing circumstances I concur, and hope your Ministers have not yet communicated to the Eastern Telegraph Company decision arrived at by conference.

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DOWNING STREET, March 9, 1900.

The Officer Administering
The Government of Canada.

I am directed by the Secretary of State for the Colonies to inform you that the undermentioned parliamentary papers have been sent to you by book post :

Subject of paper :—Proposed construction of cable across the Pacific Ocean.

No. of copies :—Twenty-five.

H. BERTRAM COX.

PREMIER'S OFFICE,
WELLINGTON, February 16, 1900.

The Honourable the Premier,
Ottawa.

I have the honour to confirm my cablegram to you of the 13th instant, as follows :—

‘Advisable wire your Agent-General if Eastern Company's proposals accepted will mean difference over one hundred thousand pounds annually in earnings Pacific cable, and impress Secretary of State that annual maximum risk of loss of twenty thousand to British Government will be doubled. Also represent that at Premiers' conference three colonies were represented which have always been unfavourable to Pacific cable, whilst New Zealand and Canada not represented at all.

R. J. SEDDON.

17 VICTORIA STREET,
LONDON, S.W., March 23, 1900.

The Right Honourable
Sir WILFRID LAURIER, G.C.M.G.,
Ottawa.

I think it will be well by this mail to bring down to date the record of what has transpired in regard to the proposals of the Eastern Extension Telegraph Company in connection with the projected cable between Australia and Cape, and the proceedings of the Pacific Cable Board, since I last wrote you on the 3rd instant.

With regard to the former question, a cable correspondence, (copy of which I inclose for your information) has passed between Mr. Chamberlain and the Government of New South Wales, with the result that it has been elicited that an agreement has not actually been entered into with the Eastern Extension Company ; that Mr. Chamberlain has urged upon the Governments interested not conclude any agreement until the Pacific Cable Committee has examined the question ; and that the details of the Eastern Extension Company's offer, and the views held thereon in Australia, as communicated in a cable received by Mr. Chamberlain from the Government of New South Wales, dated the 3rd instant, have been communicated to the Cable Committee with a request to report thereon as soon as possible.

The matter was further considered by the committee at its meeting on Monday last, the 19th instant, and a resolution was unanimously adopted of which the following is the text :—

‘This committee have had before them a reference of the Secretary of State for the Colonies asking for their opinion of the probable effect upon the revenue of the Pacific Cable of the proposed agreement between the Eastern Telegraph Company and the Australian Colonies for a cable between the Cape and Australia.

‘The committee have very carefully considered the said agreement and they are unanimously of opinion that its effect must be to injure very materially the revenue of the cable.’

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The subject is also to come up again for further consideration at the next meeting of the committee.

Your cablegram of the 6th instant, reading as follows, duly reached me:—

‘Fleming has cablegrams from London cable manufacturers showing Pacific cable may be made and laid within one year. Please urge Commission to get cable under contract at earliest moment.’

I at once made the contents of this message known to my colleagues on the committee. Its deliberations are being proceeded with as rapidly as possible. There is, however, naturally a mass of technical matter regarding the construction and cost of the cable to be prepared and discussed. The committee has had frequent meetings and has arrived, as I think, at the stage when the preparation of the specifications for tenders is possible. I shall do my best to prevent any avoidable delay taking place in asking for tenders for the work.

I propose taking an early opportunity of again seeing Mr. Chamberlain on the subject and of discussing with him the position that is created by the resolutions of the Cable Committee, and the termination of the existing agreements between the Australian Governments and the Eastern Extension Company on the 30th proximo.

STRATHCONA.

(Telegram.)

From the Officer administering the Government of New South Wales to Mr. Chamberlain. Received Colonial Office 2.7 p.m., March 2, 1900.

Referring to your telegram, March 1, Prime Minister informs me that agreement not actually entered into. Eastern Telegraph Company aware of result of Premiers' conference. Colony prepared to accept in terms of my cipher telegram of February 24.

(Telegram.)

From Mr. Chamberlain to the Officer administering the Government of New South Wales. (Sent 6.5 p.m., March 3, 1900.)

In view of the deep anxiety felt in the other colonies interested in the Pacific cable as to the effect which the proposed arrangement may have on that undertaking, and the possibility that Canada and New Zealand may withdraw their support, I hope that your Ministers will defer concluding any agreement, as suggested in my telegram of 24th ultimo, until the committee has examined the question.

(Telegram.)

From the Officer administering the Government of New South Wales to Mr. Chamberlain. (Received Colonial Office 6.10 p.m., March 3, 1900.)

Eastern Telegraph proposals—there seems to be some misapprehension—Ministers ready and anxious to carry out their undertaking with regard to Pacific cable. Admitted on all sides that this cannot be completed for three years, probably more. In the meantime Eastern Telegraph Company offer immediate reduction of rates to four shillings or to about sixteen per cent, and by sliding scale coming in three years to two shillings and sixpence as business increases—also to lay down cable Cape to Adelaide and then reduce present excessive Cape rates from seven shillings threepence to two shillings and sixpence per word. No concessions asked for or given until Pacific cable completed, they then want direct offices so as to compete on equal terms and in the meantime any reduction whatever to remain until Pacific cable laid. Ministers add that their present agreement terminates April 30, and if no fresh one made, Company can instead of reducing rates increase them up to eight shillings per word.

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(Telegram.)

From Mr. Chamberlain to the Officer administering the Government of New South Wales. (Sent 6.45 p.m., March 13, 1900.)

Your telegram of March 3 communicated to Cable Committee. They have been requested to report as soon as possible.

THE BOARD OF TRADE,
OTTAWA, CAN., April 23, 1900.

To the Secretary of State,
Ottawa, Ont.

I have the honour to inclose for the information of the Government, a copy of resolutions referring to the Pacific cable, passed at a recent meeting of this board.

CECIL BETHUNE,
Secretary.

THE BOARD OF TRADE OF THE CITY OF OTTAWA,
OTTAWA, CANADA, April 10, 1900.

To the Secretary of State,
Ottawa, Ont.

I have been instructed to convey to you the following resolutions, assented to at a general meeting of this board held on the 2nd inst., in support of the Pacific cable.

Resolution No. 1.

That while the proposed Pacific cable would foster trade and intercolonial intercourse, it would at the same time constitute the initial link in a system of cables to all British possessions around the globe, that such a system would form a new bond of Imperial unity of inestimable value.

1. That this board regards it of vital importance that the Pacific cable should be completed, as a State undertaking, without delay.

2. That in view of the great object to be attained, this board is strongly of the opinion that it would be wise policy to make full provision for ultimate State ownership in any arrangements hereafter made to lay cables by private companies, between British possessions in any part of the globe.

3. That this board recommends that principle of State ownership be especially provided for in the cable proposed to be laid by a private company between South Africa and Australia.

Resolution No. 2.

That this board attaches so much importance to the resolution respecting the Pacific cable that it especially requests the members for the city of Ottawa to bring the subject before the Government and Parliament.

Resolution No. 3.

That a copy of the resolution respecting the Pacific cable be transmitted to the principal Chambers of Commerce in the United Kingdom with the request that they will move the Home Government to reserve the right to Her Majesty to assume possession of the cable in any arrangement for laying a cable by a private company between South Africa and Australia.

Trusting the foregoing resolutions may meet with your approval.

CECIL BETHUNE,
Secretary.

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April 24, 1900.

CECIL BETHUNE, Esq.,
Secretary, Board of Trade, Ottawa.

I have the honour to acknowledge the receipt of your letter of the 23rd instant, transmitting copy of a resolution respecting the Pacific Cable, and to state that the same has been submitted to His Excellency the Governor General in Council.

JOSEPH POPE,
Under-Secretary of State.

17 VICTORIA STREET,
LONDON, S.W., May 4, 1900.

The Right Honourable
Sir WILFRID LAURIER, G.C.M.G., P.C.,
Ottawa.

In continuation of my letter of March 23, and former correspondence, I think it well to write you briefly as to the position of the Pacific cable matter, and the proposals of the Eastern Extension Telegraph Company, as they stand to-day.

As promised in my communication referred to above, I saw Mr. Chamberlain in reference to the point raised in the concluding paragraph thereof. After some discussion Mr. Chamberlain agreed to telegraph to the Australian Colonies, urging them not to grant the concessions asked for by the Eastern Extension Company, and recommending, if any new arrangement was necessary in order to secure the construction of the Cape-Australia cable and to bring about a reduction of rates, that it should be rather on the lines of the existing agreement, and that nothing should be done, and no advantages given to the company, which would tend in any way to prejudice the Pacific cable.

It has recently been announced in the newspapers that the Premiers of the Australian Colonies had decided to consider the question again when they met to discuss certain proposed amendments to the Commonwealth Bill, but the latest information goes to show that the matter has been referred by the Premiers to the Postmasters General, for consideration and report; and it stands in that position at present.

From the report of the recent meeting of the Eastern Extension Company, and also from statements that have been made in the newspapers, it is evident that the Colonies of Western Australia, South Australia and Tasmania, have agreed to give the Eastern Extension Company the concessions sought for in those Colonies, but this has always been looked upon as a possibility in view of the fact that the Colonies specified (except perhaps Tasmania, which, however, is not important) are not, and never have been, interested in the Pacific cable in the same way as the other Colonies of Australasia.

In the meantime, the Pacific Cable Committee have been preparing an interim report on the matters referred to them in the instrument of appointment. This report has been agreed upon, and Mr. Chamberlain tells me it is proposed to submit it (or the essential portions of it) to the Governments concerned by telegraph, at once, in order that the matter may be proceeded with immediately.

I was very glad to receive your telegram of the 4th ulto., in reply to my letter of March 21, reading as follows:—

‘Advised by Government Engineer Roy, who is perfectly familiar with San Juan harbour, that head of bay suitable site for station—Will be within half mile of suitable landing place for cable—Open all year around for vessels, thus affording ample facilities for supplies—Government has telegraph line in operation from San Juan to Victoria, there connects with Canadian Pacific system which connects with cable from Vancouver Island to Mainland—Advise that Admiralty maps accurately describe locality—Will send tracing of Canadian map Vancouver Island—Buildings in locality wooden.’

I at once communicated its contents to Mr. H. A. Taylor, who has since returned his thanks for the information. As soon as the tracing of the Canadian map of Vancouver Island, which you were good enough to promise to furnish, comes to hand, I will also send it on to Mr. Taylor. In the meantime his firm have proceeded with the draw-

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ing up of the specifications and they are now ready. I understand from Mr. Chamberlain that tenders will be invited immediately, and that this part of the matter will not be delayed pending the consideration, by the Governments concerned, of the report of the Pacific Cable Committee.

STRATHCONA.

(Paraphrase of cable.)

Mr. Chamberlain to Lord Minto.

LONDON, May 15, 1900.

Committee on Pacific cable report estimate furnished by consulting engineer places cost of laying cable (including two main ships) at £1,709,000, and committee are assured that the contractors' prices will be within five per cent of this.

Proposed core for Fanning section, 600 pounds copper, 340 pounds gutta percha per knot, giving eight paying words per minute.

Committee estimates annual expenditure on basis of total capital outlay of £1,800,000 as follows :—

Interest and sinking fund.....	£ 70,000
Working expenses.....	25,000
Maintenance.....	55,000
Total.....	£ 150,000

Respecting duplication of cable they refer to previous report and say that it would probably be in the interests of associated governments and eastern companies to have a working agreement respecting rates and exchange of traffic.

In the event of not having an agreement of this nature, duplication might be required in the near future and prevent cable being self-supporting for many years.

In eighteen months cable could be manufactured and laid, and it is estimated that it would obtain 960,000 words, or five-twelfths of total traffic of 2,300,000 words in 1902.

Committee recommend a rate of two shillings for Pacific portion, showing an estimated deficit of £54,000, but have reason to hope that deficit would disappear in some years under the stimulus of reduced rates and development of American-Canadian and local Pacific business.

The management to be by board of eight in the same proportions as committee, unpaid, but with a paid manager.

Copies of report being sent by post.

If the project is to be proceeded with, an early decision of the governments interested is desired.

J. CHAMBERLAIN.

(Confidential.)

Mr. Chamberlain to Lord Minto.

DOWNING STREET, May 16, 1900.

Governor General,

The Right Honourable

The Earl of Minto, G.C.M.G.

&c., &c., &c.

I have the honour to transmit to you, with reference to my telegram of the 15th instant, which was also sent to the Governors of the other colonies interested in the Pacific cable scheme, copies of the report of the Pacific Cable Committee.

2. I shall be glad if you will inform me by telegraph whether your government are prepared to proceed with the project on the lines recommended by the committee.

J. CHAMBERLAIN.

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17 VICTORIA STREET,
LONDON, S.W., June 1, 1900.The Right Honourable Sir WILFRID LAURIER, G.C.M.G.,
Ottawa.

I beg to refer to my letter of the 4th ultimo, respecting the Pacific cable, which has been acknowledged in Mr. McGee's letter of the 15th idem.

The following telegram appeared in the *Times* of May 5:—

'The Postmasters General of New South Wales and Victoria have come to an agreement on the disputed points in the proposed agreement with the Eastern Extension Company. The arrangement is made subject to the approval of the company, and the ratification by the Victorian and New South Wales Parliaments, which will not meet for two months. The tariff in the meantime will remain unaltered. The two governments are to have the option of purchasing the cable. No other company is to be allowed to open offices in the colonies before the Extension Company.'

I at once communicated with Mr. Chamberlain asking for details of the reported agreement, so that it might be possible to see whether the modified arrangement mentioned removed the objectionable features of the proposed agreement with the Eastern Extension Company—which in its original form was regarded as likely to be prejudicial to the Pacific cable project. I have now received from Mr. Chamberlain a letter, of which a copy is inclosed, together with the transcript of the telegram that is referred to showing the amendments in the proposed agreement submitted by the Postmasters General of New South Wales and Victoria.

A copy is also transmitted of the agreement between the Eastern Extension Telegraph Co. and the Colonies of South Australia, Western Australia and Tasmania, which will enable you to understand the bearing of the modifications now under consideration.

You will observe that the principal alterations relate to the raising of rates and terminals after any reduction under clauses 5 and 7, to a modification of the clause under which the company is empowered to open offices; and to the provision of a purchase clause to be read in conjunction with the rest of the agreement.

Although I have no official information on the subject, I am led to understand that the Eastern Extension Co. decline to accept the amendments as they now stand; and I am further informed that the press of Victoria and New South Wales is engaged strongly advocating the construction of the cable between Africa and Australia, so that the promised lower rates may be immediately secured.

It seems to me that the acceptance of the original agreement or of the modifications cannot but prejudicially affect the possibilities of the commercial success of the Pacific cable; and if you agree with me, I shall be glad to have a telegram on the subject at your earliest convenience, in order that I may again approach Mr. Chamberlain.

It might be well, also, if you view the matter from the same standpoint as I do, that you should communicate directly with the Governments of Victoria and New South Wales on the subject.

Judging from some unofficial communications that have come to my notice, there seemed some time ago in Canada to be an impression that Canada might be prepared to waive opposition to an agreement such as that proposed in the event of power being retained by the governments concerned in the Pacific cable to purchase the cable between Africa and Australia.

This view of the matter, however, does not commend itself to my judgment, for reasons which may have already been made clear in my previous despatches on the subject.

STRATHCONA.

(Immediate).

DOWNING STREET, May 26, 1900.

The High Commissioner for Canada.

I am directed by Mr. Secretary Chamberlain to transmit to you for your information with reference to your letter of the 8th instant, copy of a telegram showing the

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amendments in the proposed agreement with the Eastern Extension Telegraph Company submitted by the Postmasters General of New South Wales and Victoria.

This department has no spare copy of the agreement between the Eastern Extension Telegraph Company and the Governments of South Australia, Western Australia and Tasmania, which forms the basis of the proposed arrangement, but I am to suggest that you may be able to procure a copy from the Agent General for one of those Colonies.

H. BERTRAM COX.

AMENDMENTS SUBMITTED BY THE POSTMASTERS OF NEW SOUTH WALES AND VICTORIA.

1. Australasian traffic must be defined in the recital as follows :—

‘Telegraphic messages to and from the terminal stations in Australasia.’

2. Clause 8 of the Adelaide agreement to read :—‘After any reduction in the rates for Australasian traffic and in the terminals shall have been made under clauses 5 and 7 hereof, the said rates and terminals shall not again be raised ; but if the said rates and terminals are reduced by the Eastern Extension Company, or Cis-Indian Administration, of its own motion below the minimum in clause 5, the said company, or administration, may at its pleasure again raise them, provided they shall not exceed the said minimum.’

3. Clause 16 of the Adelaide agreement to stand as agreed between Messrs. Crick and Warren.

4. Clause 19 of the Adelaide agreement. Company must pay parliamentary and municipal taxation, except on cable goods, through customs, but may add sums so paid to £330,000.

5. Arbitration clause, as in Mr. Crick’s draft, must be inserted.

6. Purchase clause, to be read in conjunction with foregoing, must also be inserted.

7. Agreements embodying the above amendments to be submitted for approval of Parliaments of New South Wales and Victoria.

W. J. CRICK,

W. A. WATT,

Postmasters-General,

New South Wales and Victoria.

NOTES.

Clause 16.—Mr. Crick’s Draft.

‘The Extension Company shall, on and after the opening for traffic of the Pacific cable, or any other competing companies, or any of them, be entitled to open local offices and to collect direct from and to deliver direct to the public in the cities of Perth, Adelaide, Melbourne, Sydney and Hobart, any telegrams forming part of the Australasian traffic, and shall pay to the contracting colonies the terminal rates specified in the schedule in respect of all such messages so collected or delivered, provided that in the meantime no such right shall be granted to any other cable company before being granted to the Extension Company, and formal notice of not less than six months shall be given to the Extension Company to enable them to prepare for opening their offices simultaneously with the competing cable.’

Arbitration Clause.—Mr. Crick’s Draft.

23. ‘In the event of there being any breach on the part of the company of this agreement, or of any covenant, matter or thing herein contained, it shall be lawful for the contracting colonies jointly by instrument in writing to notify the said company of such breach of this agreement and of its termination, and the company shall not be entitled to any compensation in respect of any such termination, provided that in case within seven days after service on the company of a notice determining this agreement the company gives notice in writing that they dispute the sufficiency of such breach to justify the determination of this agreement, such dispute shall be referred to arbitration, one arbitrator to be appointed by the contracting colonies jointly (in the event of any disagreement the arbitrator for the said colonies to be selected by the majority) and the other by the company, the two arbitrators to appoint an umpire if any disagreement arise, and in case of such submission to arbitration this agreement shall, notwithstanding such notice of determination, continue in force unless and until an award shall be made to the effect that such breach was sufficient to justify the giving of such notice of determination as aforesaid.’

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OTTAWA, June 19, 1900.

Dominion,
London.

Government against proposed concessions Eastern Company. Pre-emptive right does not remove objection. Government long since communicated objection to Australian Colonies. Relies on good faith all parties to Pacific scheme, that without common consent no partner will sanction material alteration of conditions existing when partnership formed. Government not consulted by Imperial authorities regarding their rendering proposed concessions to Eastern Company practicable by grant of landing privileges between Africa-Australia, and assumes that at least until our views are asked and ascertained no such privilege will be granted.

LAURIER.

(Copy.)

17 VICTORIA STREET, LONDON, S.W.,
June 22, 1900.The Right Honourable
Sir WILFRID LAURIER, G.C.M.G.,
Ottawa.

I beg to refer to my letter of the 1st instant, respecting the Pacific cable, and have to acknowledge the following telegram from you dated the 19th instant:—

‘Government against proposed concessions Eastern Company. Pre-emptive right does not remove objection. Government long since communicated objection to Australian Colonies. Relies on good faith all parties to Pacific scheme, that without common consent no partner will sanction material alteration of conditions existing when partnership formed. Government not consulted by Imperial authorities regarding their rendering proposed concessions to Eastern Company practicable by grant of landing privilege between Africa-Australia, and assumes at least until our views are asked and ascertained no such privilege will be granted.’

I took an opportunity of speaking to Mr. Chamberlain yesterday, and represented to him as strongly as I could the views of the Dominion Government.

Subsequently I wrote to him formally on the subject at his request, and a copy of my letter is inclosed herewith.

Mr. Chamberlain seemed very favourably disposed in the matter. I believe he will do all that is possible to ensure the speedy construction of the Pacific cable, and to prevent anything being done in connection with the South African and Australian cable, which will prejudice the important work across the Pacific which has been under consideration so long.

I understood from Mr. Chamberlain that the tenders for the Pacific cable will be invited very shortly, the necessary preliminaries having been arranged with the Treasury.

STRATHCONA.

June 22, 1900.

The Under-Secretary of State,
Colonial Office.

I beg to refer to your letter of the 26th ultimo and the copy of a telegram showing the amendments in the proposed agreement with the Eastern Extension Telegraph Company submitted by the Postmasters General of New South Wales and Victoria.

You are already aware of the objections of the Government of the Dominion to the agreement with the Colonies of South Australia, West Australia and Tasmania, which forms the basis of the proposed arrangement, and I believe that the views of Canada in this matter are shared by the Colonies of Queensland and New Zealand.

I have submitted to the Dominion Government the proposed amendments to the agreement which have been suggested by the Postmasters General of New South Wales

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and Victoria, and I now quote, as desired by Mr. Chamberlain, to whom I read it yesterday, a telegram received on the 20th inst. from Sir Wilfrid Laurier on the subject:

'Government against proposed concessions Eastern Company. Pre-emptive right does not remove objection. Government long since communicated objection to Australian Colonies. Relies on good faith all parties to Pacific scheme, that without common consent no partner will sanction material alteration of conditions existing when partnership formed. Government not consulted by Imperial authorities regarding their rendering proposed concessions to Eastern Company practicable by grant of landing privilege between Africa-Australia, and assumes that at least until our views are asked and ascertained no such privilege will be granted.'

I venture to hope that the views of the Government of Canada may be communicated to the Governments of Victoria and New South Wales, and that the representations I have had the honour to make will receive the support of Her Majesty's Government, which is a partner in the scheme for the construction of the Pacific cable. I am sure it will cause great disappointment in the Dominion if any steps are taken either by Victoria or New South Wales, and if anything is sanctioned by Her Majesty's Government which will in any way tend to prejudice the successful carrying out of that work.

Permit me also to take the opportunity of writing to draw the attention of the Secretary of State to the concluding portion of Sir Wilfrid Laurier's message.

STRATHCONA.

17 VICTORIA STREET,
LONDON, S.W., July 13, 1900.

The Right Honourable

Sir WILFRID LAURIER, G.C.M.G., P.C.,
Ottawa.

In continuation of my letter of the 22nd ulto., regarding the Pacific Cable, I beg to transmit to you herewith, for your information, a copy of a communication dated the 4th instant, which has reached me from the Colonial Office in reply to the letter I addressed to that department on the 22nd ulto., in which I quoted the text of your cablegram to me of the 19th idem. I also inclose a copy of a further letter I have sent to the Colonial Office on the subject.

You will observe that Mr. Chamberlain has repeated, in part, your cablegram to the Governors of New South Wales and Victoria, and that an explanation is given of the understanding of Her Majesty's Government as to the objections of the Dominion Government in connection with the establishment of direct cable communication between South Africa and Western and South Australia.

I also forward a cutting from to-day's *Times* giving a report of a question asked in the House of Commons last evening as to the Pacific cable, and Mr. Chamberlain's reply thereto.

An advertisement, of which I forward a copy herewith, has appeared in the *Times* to-day, inviting tenders for the manufacture and laying of the Pacific cable and I therefore cabled you as follows:—

'Advertisement appears *Times* to-day inviting tenders for manufacture laying Pacific cable on basis three distinct contracts. Forms contract specification and tender to be obtained on and after seventeenth instant. Last day for reception tenders fourteenth proximo.'

STRATHCONA.

COLONIAL OFFICE,
DOWNING STREET, July 4, 1900.

High Commissioner for Canada.

I am directed by Mr. Secretary Chamberlain to acknowledge the receipt of your letter of the 22nd ulto., in which you communicated the text of a telegram received by

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you from Sir Wilfrid Laurier on the subject of the proposed agreement between the Governments of New South Wales and Victoria and the Eastern Extension Telegraph Company.

2. Sir Wilfrid Laurier's telegram, with the exception of the last sentence, has been repeated to the Governors of New South Wales and Victoria.

3. In regard to the last sentence of Sir W. Laurier's telegram, I am to state that Her Majesty's Government were not aware that the Dominion Government entertained any objection to the establishment of direct cable communication between South Africa and Eastern and South Australia, but understood that their objections were directed against the concessions which the Eastern Extension Telegraph Company demanded from New South Wales and Victoria as part of the consideration for laying such a direct cable. As the company have agreed with Western and South Australia to lay the cable without having obtained the desired privilege in New South Wales and Victoria, the matter ceased to have any relation to the Pacific cable scheme, and Her Majesty's Government did not see any reason for requesting the Governments of Mauritius and the Straits Settlements to refuse permission to land the cable, the only ground of objection to which, so far as they were aware, was the concession demanded from New South Wales and Victoria as part of the consideration for laying it, and the Eastern Extension Telegraph Companies have been informed accordingly.

H. BERTRAM COX.

OFFICE OF THE HIGH COMMISSIONER FOR CANADA,
17 VICTORIA ST., LONDON, S.W., July 12, 1900.

The Under-Secretary of State,
Colonial Office, S.W.

I beg to acknowledge your letter of the 4th instant on the subject of the proposed cable between South Africa and Australia and its bearing on the Pacific cable question.

I agree with what is stated in the concluding paragraph of your letter, to the extent that the Canadian Government have no objection *per se* to the construction of the cable, but they are, and have always been, strongly of opinion that nothing should be done in connection with the matter likely to prejudice the commercial success or militate in any way against the interests of the Pacific cable.

This, in my judgment, serves to explain the concluding portion of Sir Wilfrid Laurier's telegram of the 19th ultimo. As the control of the landing places of the Cape and Australia cable is with Her Majesty's Government, it was considered by Canada that this power would be used for the purpose of preventing any agreement likely to be detrimental to the Pacific cable, the mother country being a partner in the scheme, with Canada and certain of the Australian colonies, for the construction and operation of this Imperial work.

STRATHCONA.

17 VICTORIA STREET, LONDON, S.W., July 24, 1900.

The Rt. Honourable
Sir WILFRID LAURIER, G.C.M.G., P.C.,
Ottawa.

In continuation of my letter, No. 550, of the 13th instant, regarding the Pacific cable, I now beg to send you for your information a copy of the forms of contract, specification and tenders, which I have obtained from Messrs. Clark, Forde & Taylor.

As you will have gathered from my cablegram of the 13th instant, the last day for the reception of tenders is the 14th proximo.

STRATHCONA.

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FOURTH CONGRESS OF CHAMBERS OF COMMERCE OF THE EMPIRE,
JUNE, 1900.

BOTOLPH HOUSE, EASTCHEAP, LONDON, E.C.

July 31, 1900.

The Rt. Hon. the Earl of Minto, G.C.M.G.,
Governor General of Canada,
Ottawa.

I have the honour to transmit the appended resolution, unanimously passed by the above Congress, on the subject of Imperial telegraphic communication.

In view of the contemplated action of Her Majesty's Government in regard to the Pacific cable it would appear to be unnecessary to refer to the great importance of this matter and the necessity which exists for commercial reasons and for purposes of defence that the ends of this vast empire should be drawn more closely together by a perfect system of cable communication.

In the humble opinion of the Congress it is of the most supreme importance that instant communication should be available to all parts of the empire, whether for commercial purposes generally, for military purposes or for the convenience of the individual trader, and I therefore transmit the resolution, respectfully urging that the matter may receive that consideration at the hands of Her Majesty's Government which its importance would appear to demand.

ALBERT G. SANDEMAN,

President.

The resolution referred to is as follows :—

‘That this Congress desires to call special attention to the necessity of completing the all-British Pacific cable, not only on commercial grounds, but in the interests of the Imperial security.

‘That this Congress recommends that support should be given to the action which the Imperial Telegraph Committee of the House of Commons is taking with the view of placing the important matter of electrical communication between the United Kingdom, India and the British Colonies and dependencies on a footing commensurate with the present conditions of Inter-Imperial and Colonial relations.

‘That copies of this resolution be addressed to the Prime Minister, the First Lord of the Treasury, the Chancellor of the Exchequer, the Secretary of State for India, the Secretary of State for the Colonies, the Postmaster General, and the Governors of the *self-governing Colonies*, urging that every reasonable opportunity may be given in Parliament for discussion of the position of the Telegraph Companies in relation to the Government, with a view to an immediate and satisfactory solution being found for the very serious grievances under which the commercial and industrial communities of the empire have been labouring for a long time past.

‘That in view of the great object to be attained, this Congress is strongly of the opinion that it would be wise policy to make full provision for ultimate State ownership in any arrangements hereafter made to lay cables, by private companies, between British possessions in any part of the globe.

‘That this Congress recommends that the principle of State ownership be especially provided for in the cable proposed to be laid by a private company between South Africa and Australia.

‘That this Congress urges upon Her Majesty's Government the importance of instituting a searching investigation by the departmental committee promised by the Government into both the shortcomings and the merits of a private system of cables, and consequently into the desirability or otherwise of adopting such a course or policy in the future as would lead to the ultimate expropriation of private cables, and the establishment of State-owned cables throughout the empire, and to report thereon at the earliest opportunity, such report to be accessible to the public’

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EXTRACT from a Report of the Committee of the Honourable the Privy Council, approved by His Excellency on October 16, 1900.

On a memorandum dated October 15, 1900, from the Postmaster General, stating that the Right Honourable Lord Strathcona, High Commissioner for Canada at London, England, one of the representatives of Canada on the Pacific Cable Commission, has submitted for the consideration of the Dominion Government the tenders received by the Pacific Cable Commission for the construction of the Pacific cable.

That Lord Strathcona has submitted to the Postmaster General a letter received from C. T. Davis, Secretary of the Pacific Cable Committee in the words following :—

(Immediate and confidential.)

COLONIAL OFFICE, September 29, 1900.

High Commissioner for Canada.

I am directed by the Pacific Cable Committee to forward to you a statement summarizing the tenders which they have received for the manufacture and laying of the proposed cable.

I am requested that you will communicate the substance of this statement by telegraph to your Government in strict confidence, and ask them to inform you as soon as possible whether they are prepared to proceed with the scheme on the basis of the whole work being given to the Telegraph Construction and Maintenance Company.

On this basis the total cost of establishing the cable would be £1,795,000, plus \$180,000, the estimated amount of supplementary and miscellaneous expenditure, i.e. £1,975,000.

C. T. DAVIS.

The Minister states that the summary of tenders referred to in said letter is as follows :—

Statement as to tenders received by the Pacific Cable Committee.

(a) Henleys offered to complete in eleven months for £375,000 contract 3 in appendix of committee's report. This offer expired August 31 and was subject to reservations to the market price of raw gutta percha.

(b) Silvertown Company offer to use their best endeavours to complete in 18 months contract 1 for £1,153,000, or contracts 2 and 3 separately or combined for £415,000 and £404,000 respectively, but will not undertake whole work. This offer expires March 31, 1901.

(c) Telegraph Construction and Maintenance Company offer to complete contract 1 for £1,067,602, contract 2 for £388,358, and contract 3 for £339,040, total £1,795,000. They undertake to complete any one contract by July 31, 1902, but if whole work is given them and they are allowed to start with contract 3 and end with contract 1, they will complete by end of 1902 and also carry out without further charge the sounding and survey operations specified in contract 4 (estimated by engineers to cost £24,000). This offer expires October 31, 1900.

(d) Siemens offer to complete contract 1 for £1,235,000 in 12 months, contract 2 for £512,200 in 10 months, contract 3 for £461,500 in 10 months, total £2,208,700, but state that the time required to complete the whole work, or two of its parts, would be less than the sum of the several times. This offer expires October 14, 1900.

The Minister recommends that he be authorized to inform Lord Strathcona that the Dominion Government approves of the acceptance of the tender of the Telegraph Construction and Maintenance Company, and to request him to so notify the Pacific Cable Committee.

The Committee advise that authority be granted as recommended.

JOHN J. MCGEE,

Clerk of the Privy Council.

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DOWNING STREET, October 17, 1900.

(Mr. Chamberlain to Lord Minto.)

In confirmation of my telegram of the 13th instant, I have the honour to transmit to you, to be laid before your Ministers, a copy of a letter from the Pacific Cable Committee, reporting on the tenders which they have received for the construction and laying of the proposed Pacific cable.

J. CHAMBERLAIN.

October 17, 1900.

The Secretary of State,
Colonial Office.

On the receipt of your letter of July 2, the Pacific Cable Committee instructed Messrs. Clark, Forde and Taylor, their consulting engineers, to call for tenders for the construction and laying of the proposed Pacific cable on the basis of the specifications and draft contracts submitted in the committee's report of April 21 last.

2. Copies of the forms of specifications and contract issued by Messrs. Clark, Forde and Taylor, in calling for tenders, are inclosed.

3. Copies of the tenders received together with the reports of Messrs. Clark, Forde and Taylor, thereon, are also inclosed.

4. The following is an analysis of the tenders:—

(a) W. T. Henley's Telegraph Works Company offered to complete contract 3 in eleven months for £375,000. This offer expired August 31, and was subject to a reservation as to the market price of gutta percha.

(b) The Silvertown Company offer 'to use their best endeavours' to complete in eighteen months, contract 1, for £1,153,000, or contracts 2 and 3, separately or combined, for £415,000 and £404,000 respectively, but they cannot undertake the whole work. This offer holds good until March 31, 1901.

(c) The Telegraph Construction and Maintenance Company offered to complete Contract 1 for £1,067,602, contract 2 for £388,358, and contract 3 for £339,040, total, £1,795,000, and they undertook to complete any one contract by July 31, 1902.

(d) Siemens Brothers & Company offer to complete contract 1 for £1,235,000 in twelve months, contract 2 for £512,200 in ten months, contract 3 for £461,500 in ten months, total, £2,208,700. They state, however, that the time required to complete the whole work, or two of its parts, would be less than the sum of the times quoted for each part separately. This offer holds good until the 14th instant.

5. The committee did not regard any of these tenders as acceptable, but they were of opinion that the offer of the Telegraph Construction and Maintenance Company, whose tender was the lowest for each of the three parts, afforded a basis for negotiation.

6. The company were accordingly asked to revise their tender on the basis of all three contracts being placed with them. In reply, they undertook, if allowed to commence with the Fiji-Norfolk Island and Norfolk Island-Australia and New Zealand sections and to finish with the Vancouver section, to complete the whole line by December 31, 1902; but the only abatement they were prepared to make from their original tender of £1,795,000, was an offer to carry out without charge the sounding and survey operations specified on contract 4 and estimated by the engineers to cost £24,000.

7. The committee had hoped to obtain from the company a more substantial reduction in consideration of the whole work being given to them, but the negotiations for a further reduction failed.

8. The committee are, however, satisfied that the offer of the company, as it stands, is the best obtainable and they unanimously recommend that the whole work should be placed with them.

9. The engineers' estimate for contracts 1, 2, 3 and 4 was £1,491,659. In explanation of the discrepancy between this sum and the amount of the company's tender, the

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committee desire to invite attention to the remarks on the state of the gutta percha market made in Messrs. Clark, Forde and Taylor's report of August 17, and in Messrs. Henley's letter to Messrs. Clark, Forde and Taylor of August 13.

10. If the company's tender is accepted, the total cost of establishing the cable, allowing for miscellaneous and supplementary expenditure estimated at £180,000, will be £1,975,000.

11. The adjustment of the points raised by the company in the letter accompanying their original tender does not appear to the committee to be a matter of any difficulty.

12. The revised offer of the company remains open until the 31st instant, and is subject to a proviso that the contract shall be signed not later than December 31, 1900.

13. To save time the committee have embodied a summary of the tenders received and their recommendation in the memorandum submitted herewith. They will be glad if it can be communicated by telegraph to the Colonial Governments interested with as little delay as possible.

C. T. DAVIS,
Secretary.

(Memorandum of Pacific Cable Committee.)

Following tenders have been received by Pacific Cable Committee:—

(a) Henley's offered to complete in 11 months for 375,000 pounds, contract 3 in appendix of committee's report. This offer expired August 31, and was subject to reservation as to the market price of gutta percha.

(b) Silvertown Company offer to use their best endeavours to complete in 18 months contract 1 for £1,153,000, or contracts 2 and 3, separately or combined for £415,000 and £404,000 respectively, but will not undertake whole work. This offer expires March 31, 1901.

(c) Telegraph Construction and Maintenance Company offer to complete contract 1 for £1,067,602, contract 2 for £388,358 and contract 3 for £339,040, total £1,796,000. They undertake to complete any one contract by July 31, 1902, but if whole work is given them, and they are allowed to start with contract 3 and end with contract 1, they will complete by December 31, 1902, and also carry out without further charge the sounding and survey operations specified in contract 4 (estimated by engineers to cost £24,000). This offer expires October 31, 1900.

(d) Siemens offer to complete contract 1 for £1,235,000 in 12 months, contract 2 for £412,000 in 10 months, contract 3 for £416,500 in 10 months, total, £2,208,700, but state that the time required to complete the whole work, or two of its parts, would be less than the sum of the several times. This offer expires October 14, 1900.

Committee unanimously recommend that whole work should be given to Telegraph Construction and Maintenance Company. The engineer's estimate for contracts 1, 2 and 3 was £1,467,659; discrepancy is due entirely to the advance in the price of gutta percha.

Negotiations with company for further reduction in tender have failed, and committee consider that the company's offer as it stands is the best obtainable.

If adopted, total cost of establishing cable will be £1,795,000 plus 180,000 the estimated amount of miscellaneous and supplementary expenditure, i.e., £1,975,000.

Telegraph as soon as possible views of your Ministers as to acceptance of tender.

Committee regret delay, but negotiations with Telegraph Construction and Maintenance Company have only just been concluded.

17 VICTORIA STREET,

LONDON, S.W., October 20, 1900.

Sir WILFRID LAURIER,—On July 29 last I had the pleasure to send you copies of the forms of specification and contract issued by Messrs. Clark, Forde & Taylor, the

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consulting engineers to the committee, in calling for tenders for the proposed Pacific cable.

I now think it well, in order to complete to date the correspondence which I have had with you on this subject, to write you briefly as to what has taken place since the date for the reception of tenders, i.e., August 14 last.

In the first place four tenders were received, three for the whole work and one for a portion only. These were placed before the consulting engineers, who reported upon them, and they were then taken into consideration by the committee.

The committee did not at first regard any of these tenders as acceptable, but they were of the opinion that the offer of the Telegraph Construction and Maintenance Company, whose tender was the lowest, afforded a basis of negotiation.

The consulting engineers were accordingly instructed to communicate with the Telegraph Construction and Maintenance Company, with a view to ascertaining whether they were prepared to revise their tender. Correspondence thereupon ensued between the engineers and the company, with the result that the latter undertook to complete the whole line by December 31, 1902, but the only modification they were prepared to make in their original tender was an offer to carry out, without charge, the necessary sounding and survey operations, estimated by our engineers to cost £24,000.

The matter was then finally considered by the committee, who unanimously decided to recommend that the whole of the work should be given to the Telegraph Construction and Maintenance Company.

On the 13th instant a synopsis of the tenders received, and the recommendation adopted by the committee, was cabled to the Governor General by the Colonial Office, in order that the views of the Canadian Government as to the acceptance of the tender might be signified.

On the 16th inst. I received your authority to inform the Secretary of State for the Colonies that the Dominion Government approved of the acceptance of the Telegraph Construction and Maintenance Company's offer, and this approval was accordingly communicated by me to the Colonial Office.

I have since learned from that department that New Zealand has also notified its agreement with the committee's recommendation, and I have no doubt that this course will be followed in due time by the other governments concerned.

In the meantime, I do not think it necessary to send you copies of the various papers and correspondence arising out of the action which I have outlined above, as I am informed that they are being communicated to the Governor General by the Colonial Office, and they will no doubt reach you in due course.

STRATHCONA.

1157 DORCHESTER STREET,
MONTREAL, October 28, 1900.

The Right Honourable

Sir WILFRID LAURIER, G.C.M.G., P.C.,
Ottawa, Ont.

In continuance of advice received regarding the proposed Pacific cable, I beg to say that in addition to the information communicated in my letter to you of the 28th instant I have just been informed by cable as follows:—

'Pacific cable. Victoria assents. New South Wales assents on understanding Parliament approves. Bill already passed Lower House. Colonial Office asking company extending the tenders another month to meet this contingency, and permit submission Cabinet here, which necessary before contract can be signed.'

From this it would appear that there is every prospect that before the close of the present year the tenders for the construction of the cable will have been given out, with the full understanding that it will be completed by December 31, 1902.

STRATHCONA.

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OTTAWA, November 15, 1900.

LORD ABERDEEN,
Haddo, Scotland.

The Canadian and Australian representatives on the Pacific Cable Board having been successful in maturing the project ready for contractors, the Government do not suppose you would care to continue any longer a member of the Board, which will have now to deal only with business details, involving the presence of its members in London, which might be inconvenient to you. The Government, therefore, propose asking Mr. Lang, Bank of Montreal, to go on permanent Board. I understand that suggestion has your approval.

LAURIER.

Lord Minto to Mr. Chamberlain.

My Ministers are extremely anxious that the Pacific cable contract should be signed without further delay. They think the present members of the Board have ample authority to act, and Canada will confirm such action by its representatives on the Board should it be considered necessary. They also suggest Lord Strathcona and Alexander Lang, Manager Bank of Montreal, as members of permanent Board.

Mr. Chamberlain to Lord Minto.

LONDON, November 27, 1900.

For convenience of drafting and for other reasons it is proposed that Pacific cable contract shall be signed on behalf of Her Majesty's Government by the Lords Commissioners of the Treasury, and on behalf of Canada and the Australasian Colonies by the High Commissioner and the four Agents-General. I request the High Commissioner may be instructed accordingly.

CHAMBERLAIN.

OTTAWA, November 30, 1900.

LORD STRATHCONA,
17 Victoria St., London, Eng.

Colonial Office desires that for convenience of drafting and other reasons Pacific cable contract should be signed on behalf of Canada by the High Commissioner. Canadian Government has no objections and desires you to act accordingly.

LAURIER.

From Mr. Chamberlain to Lord Minto.

LONDON, January 5, 1901.

Pacific cable contract executed December 31.

CHAMBERLAIN.

From Mr. Chamberlain to Lord Minto.

DOWNING STREET,
January 17, 1901.

Governor General,
The Right Honourable
The Earl of Minto, G.C.M.G.,
&c., &c., &c.

With reference to previous correspondence on the subject of the contract for the construction of the Pacific cable, I have the honour to transmit to you, for the information of your Ministers, copies of the contract as completed on December 31 last.

J. CHAMBERLAIN.

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17 VICTORIA STREET, LONDON, S.W.,
January 26, 1901.The Right Honourable
Sir WILFRID LAURIER, G.C.M.G., P.C.,
Ottawa.

I beg to confirm my telegram to you of the 24th instant, as follows :—

‘In reply to my communications protesting against proposed arrangements, Administrator New South Wales telegraphs Colonial Office following :—Referring your telegram, January 8, my Ministers advise Pacific Cable Board no power deal any matter affecting Post Office except Pacific cable. Our Post Office probably pass to Federal Government and next month when cable rates would necessarily be uniform. At present this State pays 4s. 11d. per word, while adjoining State pays 3s. 6d. Paving way for uniformity federal service, my Government entered into agreement Eastern Extension Company for uniformity rate from February 1. Ends. Agreement signed sixteenth instant. Victorian Government advises Agent-General this result, conference between Postmasters General New South Wales and Victoria at which mutually agreed grant Eastern Extension Company permission open offices for direct transaction business from date completion Pacific cable but getting reduction from 1st prox. Postmaster General Victoria, however agreed under misapprehension exact position matter and his Government were determined do nothing involving breach terms on which contributing parties entered into Pacific cable contract, but New South Wales having obtained advantages they are desirous occupy as good position as other States if other parties interested do not consider breaking faith. Large number their people consider proposed agreement justifiable and Mr. Chamberlain is being asked give consent. Special meeting Pacific Cable Board being called consider matter. Please cable your views. Personally not disposed accede request Victoria.’

The following reply from you reached me this morning.

‘Canadian Government entered into Pacific cable partnership in full confidence no partner government would alter conditions then existing to prejudice of scheme. Consider concessions asked for Eastern Extension would, if granted, materially alter conditions and seriously prejudice scheme. Canada certainly will be unwilling to continue its adherence if co-partners without mutual consent change basis on which partnership formed. Last Saturday received cable from Premier Victoria, asking views and cabled reply to above effect.’

I take the opportunity of writing to transmit a copy of the telegram from the Government of Victoria to its Agent-General, Sir Andrew Clarke, on the subject ; also further letters, with their inclosures, which have reached me from Colonial Office on the subject.

I append also, for the information of the Government, a copy of the communication I have to-day addressed to Mr. Chamberlain on the subject.

STRATHCONA.

January 26, 1901.

The Under-Secretary of State,
Colonial Office.

I beg to acknowledge your letter of the 23rd instant, respecting the reported acceptance by the Government of New South Wales of the proposals of the Eastern Extension Telegraph Company, and transmitting copy of a telegram received from the officer administering the Government of that colony, on the subject.

Your further letter of the 25th instant, with a copy of Mr. Chamberlain's telegram to the Government of New South Wales dated 8th instant, has also reached me.

I had no doubt that the action of the New South Wales Government would cause grave disappointment among the other partners in the Pacific Cable scheme. After all the correspondence that has passed, it was never deemed possible that any one of the partners in the construction of the Pacific cable would enter into any agreement with a

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competing line without the consent and approval of Her Majesty's Government and the other Colonies associated with them.

Sir Andrew Clarke, a few days ago, handed to me a copy of a telegram received by him from the Government of Victoria, stating that although they had agreed with the New South Wales Government recently to sign the agreement with the Eastern Extension Company, their action in the matter was the result of a misapprehension, and that they did not wish to proceed further or to do anything that could possibly be regarded as a breach of the terms on which the contributing parties had entered into the contract for the Pacific cable. At the same time, the telegram gave expression to the desire of the Government, should no objection be raised, to participate in the temporary advantages which the people of New South Wales would secure by the action of its Government.

I at once took the opportunity of cabling to Canada both the telegram received by Mr. Chamberlain from New South Wales, and the effect of the telegram addressed to Sir Andrew Clarke by the Government of Victoria.

I have now to transmit, for the information of Mr. Chamberlain, the following telegram which reached me to-day from Sir Wilfrid Laurier:—

'Canadian Government entered into Pacific cable partnership in full confidence no partner government would alter conditions then existing to prejudice of scheme. Consider concessions asked for Eastern Extension would, if granted, materially alter conditions and seriously prejudice scheme. Canada certainly will be unwilling to continue its adherence if co-partners without mutual consent change basis on which partnership formed. Last Saturday received cable from Premier Victoria asking views and cabled reply to above effect.'

I venture to believe that His Majesty's Government will use their best endeavours with New South Wales, and with the Government of Victoria, to bring about a reconsideration of the matter, in the hope that it may still be possible to avoid the consequences of the action of the former Government, which are certainly calculated to seriously prejudice both the construction and successful operation of the Pacific cable.

STRATHCONA.

Copy of telegram received on January 21, 1901.

Transmit following telegram to Secretary of State for Colonies:—

Pacific cable. Western Australia, South Australia, Tasmania, some months ago agreed with Eastern Extension Company to grant permission to at once open offices for direct transaction of business, and have obtained considerable reduction charges. Postmaster General New South Wales, Victoria, had conference and agreed in writing to give similar privileges from the date of completion of Pacific cable, but getting reduction at once, namely, from February 1. Victoria Postmaster General being under misapprehension of exact position of matter, New South Wales has instructed Agent-General and he has signed agreement, but on matter being reported to Victorian Cabinet, they were determined not to do anything that would be breach of terms on which contributing parties enter into contract. However, New South Wales having obtained the advantages, we are naturally desirous our people should be in position as good as other States, if other parties interested do not consider that we are breaking faith with them. I would be glad to know therefore, under the circumstances as they now exist, you will object to Victoria to enter into agreement proposed. Matter of allowing Eastern Extension Company to have separate offices was not thought of or taken into consideration at the time of negotiation, and large numbers of our people consider that proposed agreement is justifiable, and therefore I should be glad if you can give your consent. Telegraph reply.

COLONIAL OFFICE.

The Under-Secretary of State for the Colonies presents his compliments to the High Commissioner for Canada and requests that he will be good enough to add the accom-

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panying copy of a telegram to the Officer administering the Government of New South Wales to the enclosure in the letter from the Colonial Office January 23 respecting the proposals of the Eastern Extension Telegraph Company.

January 25, 1901.

(*Telegram.*)

Mr. Chamberlain to the Officer administering the Government of New South Wales. (Sent 5 p.m. January 8, 1901.)

Referring to my telegram of July 2, Canadian Government are informed that New South Wales will probably accept proposals of Eastern Telegraph Company. Presume that this is not correct, and that matter will be kept open till Pacific Cable Board is in position to deal with it.

COLONIAL OFFICE,
DOWNING STREET, S.W., January 23, 1901.

The High Commissioner for Canada.

With reference to the letter from this department of the 14th instant, respecting the reported acceptance by the Government of New South Wales of the proposals of the Eastern Extension Telegraph Company, I am directed by Mr. Secretary Chamberlain to transmit to you, for your information and for the information of the Canadian Government, copy of a telegram which has now been received from the Officer administering the Government of New South Wales on the subject.

H. BERTRAM COX.

(*Telegram.*)

The Officer administering the Government of New South Wales to Mr. Chamberlain. (Received Colonial Office, 3.30 a.m., January 17, 1901.)

Referring to your telegram of January 8, my Ministers advise that Pacific Cable Board has no power to deal with any matter affecting post office except Pacific cable. Our post office will probably pass to Federal Government at the end of next month, when cable rates would necessarily be uniform. At present this State pays 4s. 11d. per word, while the adjoining State pays 3s. 6d. Paving the way for uniformity in the federal service, my Government has entered into agreement with Eastern Extension Company for uniformity of rate from February 1.

17 VICTORIA STREET, LONDON, S.W., January 29, 1901.

The Right Honourable

SIR WILFRID LAURIER, G.C.M.G.

In continuation of my letter of the 26th instant respecting the acceptance by the Government of New South Wales of the proposals of the Eastern Extension Telegraph Company, I now beg to transmit to you, for your information, a copy of a further letter which has reached me from the Colonial Office covering a copy of a correspondence with the Agent-General for Victoria in regard to the proposals made to his Government by the Eastern Extension Telegraph Company for the conclusion of an agreement similar to that recently entered into by the Government of New South Wales: together with a copy of a letter from the Agent-General for New Zealand on the subject of the latter agreement.

I trust that the views which have been expressed against the acceptance of the proposals will prevent any further action being taken before the matter can be considered at the meeting of the Pacific Cable Board which is shortly to take place.

It will be within your knowledge that the contract for the construction and laying down of the Pacific cable was signed on behalf of the contracting parties on the 31st ultimo. I had the honour, in accordance with the authority which you were so good as to convey to me by cable on the 30th November last, of signing on behalf of the Govern-

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ment of the Dominion of Canada. I do not, however, send you a copy of the contract, as I am informed by the Colonial Office that copies have been forwarded direct to the colonial governments who are parties to the contract, and I do not doubt that ere this you have had an opportunity of seeing it.

STRATHCONA.

DOWNING STREET, January 26, 1901.

The High Commissioner for Canada.

With reference to the letter from this department of the 23rd inst., I am directed by Mr. Secretary Chamberlain to transmit to you, for your information, copy of a correspondence with the Agent General for Victoria with reference to the proposals made to his Government by the Eastern Extension Telegraph Company, for the conclusion of an agreement similar to that recently entered into by the Government of New South Wales.

2. I am also to inclose copy of the letter from the Agent-General for New Zealand referred to in this correspondence.

H. BERTRAM COX.

VICTORIA OFFICE, 15 VICTORIA STREET,
WESTMINSTER, S.W., January 22, 1901.

The Under-Secretary of State,
Colonial Office, S.W.

I have the honour to inform you that I have received the following telegram from my Government:—

‘Transmit following telegram to Secretary of State for the Colonies:—Pacific cable. Western Australia, South Australia, Tasmania, some months ago agreed with Eastern Extension Company to grant permission to at once open offices for direct transaction of business, and have obtained considerable reduction charges. Postmasters General New South Wales, Victoria, had conference and agreed in writing, to give similar privileges from the date of completion of Pacific cable, but getting reduction at once, namely, from 1st February. Victorian Postmaster General being under misapprehension of exact position of matter, New South Wales has instructed Agent-General and he has signed agreement, but on matter being reported Victorian Cabinet, they were determined not to do anything that would be breach of terms on which contributing parties enter into contract. However, New South Wales having obtained the advantages, we are naturally desirous our people should be in position as good as other States, if other parties interested do not consider that we are breaking faith with them. I would be glad to know therefore, under the circumstances as they now exist, you will object to Victoria enter into agreement proposed. Matter of allowing Eastern Extension Company to have separate offices was not thought of or taken into consideration at the time of negotiation, and large numbers of our people consider that proposed agreement is justifiable, and therefore I should be glad if you can give your consent. Telegraph reply.’

ANDREW CLARKE.

(*Immediate.*)

DOWNING STREET,
January 26, 1901.

The Agent General for Victoria.

I am directed by Mr. Secretary Chamberlain to acknowledge the receipt of your letter of the 22nd instant communicating the text of a telegram which you have received from the Government of Victoria with reference to the proposal made to them by the Eastern Extension Telegraph Company for the conclusion of an agreement similar to that recently entered into by the Government of New South Wales.

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2. Mr. Chamberlain is endeavouring to arrange for the immediate assembly of the Pacific Cable Board, in order that His Majesty's Government may have the benefit of the advice of that body, as representing all the partners in the Pacific cable, before expressing a definite opinion on the subject.

3. A letter from the Agent-General for New Zealand, respecting the action of the Government of New South Wales, is inclosed.

4. Copies of this correspondence have been communicated to the High Commissioner for Canada and the Agents-General for New South Wales, Queensland and New Zealand.

H. BERTRAM COX.

7 WESTMINSTER CHAMBERS,
13 VICTORIA STREET, LONDON, S.W., January 25, 1901.

The Under-Secretary of State,
Colonial Office, S.W.

I am directed by the Agent-General to acknowledge the receipt of your letter No. 1897-1901 of the 23rd instant, inclosing copy of a telegram which has been received from the Officer administering the Government of New South Wales on the subject of the agreement entered into by the government of that state with the Eastern Telegraph Company, and, in reference thereto, to express his regret at the action taken by the New South Wales Government.

I am to add that the Agent-General would be glad to co-operate in any steps which might possibly be taken with a view to the reconsideration of the question at issue.

WALTER KENNAWAY.

17 VICTORIA STREET, LONDON, S.W.,
February 1, 1901.

The Right Honourable
Sir WILFRID LAURIER, G.C.M.G., P.C.,
Ottawa, Canada.

I beg to send you a copy of a letter which has reached me from Messrs. Clarke, Forde & Taylor, the consulting and advising engineers for the Pacific cable; together with the chart which accompanied it.

You will observe that Mr. R. E. Peake, one of the members of the firm, is shortly to visit Canada in connection with the selection of the spot at which the cable is to be landed on Vancouver Island and the position of a cable station, &c., and that it is desirable he should be afforded certain assistance and information for the proper carrying out of those objects.

I venture to commend the matter to your consideration, and shall be glad if you will be so good as to cause it to be brought before the proper authorities in Ottawa so that everything that is requisite may be arranged for in advance of Mr. Peake's arrival in Canada. I am providing him with a letter of introduction to yourself.

You will notice also that some suggestions are made as to the part which it is considered desirable that the Canadian Pacific Railway Company should fill in connection with the working of the cable.

Perhaps you will kindly cause the matter to be placed before the C.P.R. Company with the object of eliciting their views on the suggestions that are made, and co-operation in carrying them out if they are accepted.

If you can conveniently arrange for some brief information on these several matters to be cabled to me which I can communicate to Messrs. Clarke, Forde & Taylor, prior to Mr. Peake's sailing, I shall be greatly obliged.

STRATHCONA.

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4 GREAT WINCHESTER STREET, E.C.,
January 29, 1901.The High Commissioner for Canada,
17 Victoria Street, S.W.*Pacific Cable.*

Referring to our interview with you of the 28th inst., we would now ask you to give the following matters your consideration :—

(1.) To comply with the conditions of articles 6, page 9 of the contract (as signed) it would be convenient if an official were appointed by the Canadian Government to accompany Mr. R. E. Peake to Vancouver, and in consultation with him to decide definitely on the place at which the cable is to be landed on Vancouver Island.

(2.) To expedite the selection of the landing place it would be of advantage to obtain early information as to the coast near to Cape Beale, having regard to its suitability as a landing place and to the facilities there for maintaining a station and for obtaining supplies and provisions for the staff.

(3.) To avoid delay in the transfer of messages, we submit that it would be desirable for the Canadian Pacific Railway to carry their telegraphic system up to the landing place of the cable. It is obvious that a short length of land line worked and maintained by the Government between the terminus of the Canadian Pacific Railway system and that of the cable system would be likely to introduce delay and extra work in the handling of the traffic.

We also suggest, should it be decided that the Canadian Pacific Railway take over the traffic at the cable terminus, that an official be appointed to confer with Mr. Peake as to the site of a station near the landing place on Vancouver Island.

With regard to this station it may be worthy of the consideration of the Board that joint offices and premises should be provided for the cable and land line staff, in which case it might avoid delay if the representative of the land line company were empowered to acquire the necessary land by purchase or otherwise and to make a contract for a suitable station to be erected under his supervision.

We have drawn your Lordship's attention to the above points as forming part of the work of the survey to be carried out during this year. It is proposed that Mr. Peake shall leave Vancouver for Brisbane on April 5 to join the surveying ship at the latter place, and before his departure from this country, on or about March 1, we should be glad to receive your Lordship's views on the matters referred to in this letter.

We forward herewith, as required, an admiralty chart No. 1917, on which is shown in red circles the positions of the suggested landing places.

CLARKE, FORDE & TAYLOR.

17 VICTORIA STREET,
LONDON, S.W., February 1, 1901.The Right Honourable
Sir WILFRID LAURIER, G.C.M.G., P.C.,
Ottawa.

With further reference to my letter of January 26, regarding the acceptance by the Government of New South Wales of the proposals of the Eastern Extension Telegraph Company, I now beg to transmit to you herewith, for your information, a copy of the agreement between the New South Wales Government and the Eastern Extension Company, signed on January 16, 1901, which has been furnished to me by the Agent-General for that colony.

STRATHCONA.

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17 VICTORIA STREET,
LONDON, S.W., February 5, 1901.

The Right Honourable
The President of the Privy Council,
Ottawa,

I have the honour to transmit to you herewith, for the information of the Government, a copy of a letter addressed to me by the secretary of the British Empire League, conveying the text of a resolution, on the subject of the Pacific cable, which was unanimously adopted by the executive committee of the league at a meeting held on the 10th ultimo.

STRATHCONA.

112 CANNON STREET,
LONDON, E.C., January 16, 1901.

The High Commissioner for Canada.

At a meeting of the executive committee of the British Empire League, held on the 10th inst., with Sir Robert Hebert in the chair, the following resolution was unanimously adopted :—

‘That the executive committee of the British Empire League expresses its satisfaction at the acceptance by the Imperial Government of a tender for the construction of the Pacific cable, and congratulates the representatives of Canada, New South Wales, Victoria, Queensland and New Zealand, as well as the members of the British Empire League in Canada, upon the success of their efforts.’

My committee will esteem it a favour if your Lordship will communicate the same to your government.

S. FREEMAN MURRAY,
Secretary.

17 VICTORIA STREET,
LONDON, S.W. February 12, 1901.

Right Honourable
Sir WILFRID LAURIER, G.C.M.G.

In continuation of previous correspondence respecting the Pacific cable, I beg to transmit to you herewith for your information, a copy of a letter which has reached me from the Treasury covering a copy of a Treasury minute appointing the members of the board of management of the cable.

The first meeting of the board has been called for Monday, the 25th instant, when, among other matters, consideration will be given to the question as to what action should be taken by the board in view of the arrangement between certain of the Australian Colonies and the Eastern Extension Telegraph Company.

I also inclose a copy of a letter addressed to me by the Agent-General for New Zealand, in which you will see that his Government are entirely in accord with the view of the Dominion Government as to the concession granted by the New South Wales Government to the Eastern Extension Company.

Sir Horace Tozer, the Agent-General for Queensland, has also written me in a similar sense, explaining that his Government have all along maintained the attitude that nothing should be done by any of the co-partners in the Pacific cable contract which would be likely to have a prejudicial effect on the success of the cable. Queensland, however, is not directly represented on the Pacific Cable Board, but Sir Horace Tozer tells me that he has suggested to his Government that the Hon. W. P. Reeves, the Agent-General for New Zealand, should be authorized to voice the views of Queensland at the meeting of the board.

I will keep you fully informed of what transpires from time to time.

STRATHCONA

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TREASURY CHAMBERS, February 5, 1901.

Lord STRATHCONA AND MOUNT ROYAL, G.C.M.G.

I am directed by the Lords Commissioners of His Majesty's Treasury to forward herewith a copy of a Treasury minute appointing you and other gentlemen to the board of management of the Pacific cable.

I am to add that the chairman of the board has been requested to call a meeting of the board as soon as possible, and to notify the time and place of meeting to each member.

E. W. HAMILTON.

The Treasury, in agreement with the Governments of Canada and the States of New South Wales, Victoria and Queensland and the Colony of New Zealand, being the governments contributing, with His Majesty's Government, to the cost of the construction, laying and management of the Pacific cable, in respect of which a contract was entered into with the Telegraph Construction and Maintenance Company, on December 31, 1900 ;

Hereby appoint the following persons to constitute the board of management of the said cable, namely :—

Representing His Majesty's Government: Sir Spencer Walpole, K.C.B., (chairman); G. E. Y. Gleadowe, Esq., C.M.G., W. H. Mercer, Esq.

Representing the Government of Canada: Lord Strathcona and Mount Royal, G.C.M.G., Alexander Lang, Esq.

The Agents-General for New South Wales and Victoria, representing the Governments of New South Wales, Victoria and Queensland.

The Agent-General for New Zealand, representing the Government of New Zealand.

The board is empowered to provide an office, to appoint or employ a manager, secretary and such officers and persons, and to take such steps as they deem necessary for the business of the cable.

The chairman shall have a second or casting vote in any matter in which the votes of the board are equally divided; and, so long as he does not hold any office or profit under the Crown, or under any of the above mentioned governments, he shall receive a salary of £600 a year, to commence from February 1, 1901.

Any vacancy in the office of chairman or of other representatives of His Majesty's Government shall be filled by the Board of Treasury for the time being. Any vacancy in the office of a representative of any of the other governments above mentioned, shall be filled by the government, or governments, immediately concerned. There shall be paid to any officer or person appointed or employed by the board on the business of the cable such fee, remuneration or salary as the board may think fit, and until Parliament has made provision on that behalf, the said payment together with any payment made for the purposes of the cable shall be charged upon such moneys as the Treasury shall direct.

The board shall keep such accounts of receipts and expenditure, and the accounts shall be examined and audited at such times, in such manner and by such persons, as the Treasury shall direct, and copies of such accounts so audited shall be furnished to each of the contributing governments.

AILWYN E. FELLOWES.
W. H. FISHER.

February, 1901.

13 VICTORIA STREET, LONDON, S.W.,
February 8, 1901.

The Right Honourable

Lord STRATHCONA AND MOUNT ROYAL, G.C.M.G.,
17 Victoria Street, S.W.

Referring to your letter of the 26th ultimo and in confirmation of the assurance which I have already given to you that my government would co-operate with Canada

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in disapproving the step taken by the New South Wales Government, I beg to quote for your information a copy of a cablegram which I have this day received from my government :—

‘Inform High Commissioner for Canada that New Zealand works harmoniously with Victoria and Queensland and has no intention to agree to the concession asked for by Eastern Extension Company and will be no party to, without consent of partners, alter conditions or knowingly do anything prejudicial to Pacific cable.’

W. P. REEVES.

(Cable.)

Mr. Chamberlain to Lord Minto.

LONDON, February 23,* 1901.

Pacific cable — Questions connected with New South Wales agreement had already been referred to Pacific Cable Board before receipt of your telegram of February 16, but I have seen Strathcona and telegraphed to Governor of New South Wales asking for information required by Premier for Canadian Parliament.

Pending reply from New South Wales please telegraph on which provisions of agreement your law officers rely in support of their views of its effect.

J. CHAMBERLAIN.

(Cable.)

From Mr. Chamberlain to Lord Minto.

LONDON, February 26, 1901.

Referring to my telegram of February 23, telegram arrived from Governor of New South Wales stating that policy of New South Wales will be to use the Pacific cable for all government business; that in opinion of ministers effect of agreement will not be to entitle company to require New South Wales to send all controllable traffic by company's lines; that New South Wales is free to send traffic as it pleases, and that no agreement affecting Australian cable exists or is contemplated by Government of New South Wales, I presume that explanation of reference to government business in foregoing is that as postal matters pass shortly to Federal Government control, unrouted private traffic will be in the hands of federal not of State authorities.

J. CHAMBERLAIN.

17 VICTORIA STREET, LONDON, S.W., March 6. 1901.

The Right Honourable

Sir WILFRID LAURIER, G.C.M.G.

I am this day in receipt of your letters of the 18th and 20th ultimo, regarding the Pacific cable and the agreement between the New South Wales Government and the Eastern Extension Telegraph Company.

Your cablegram of the 16th ultimo, reading as under, also reached me in due course :—

‘Received your letter of the 1st inst., inclosing agreement dated January 16 between New South Wales and Eastern Extension Company. Canadian law officers advise that under this agreement Eastern Company most probably entitled to require South Wales to send all its controllable cable traffic by Eastern Company. If similar agreements with other Australian Colonies, and if this opinion correct, then in as much as Australian Government own telegraph land lines there would be practically no traffic from Australasia for Pacific cable. Government think Australasian Governments parties to Pacific cable scheme should not contract against sending traffic by Pacific cable nor enter into any arrangement or understanding likely to divert Australasian traffic from

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Pacific cable. Canadian legislation for Canada's share of cost of cable now before Parliament. We must take Parliament fully into our confidence in connection with pending measure. Most important therefore to know view of Imperial Government as to legal effect of agreement; also policy of South Wales Government as to sending traffic by Pacific cable; also view of New South Wales Government as to effect of agreement; also whether any other agreement affecting Australasian cable traffic exists or is contemplated by South Wales Government. Government cabling Mr. Chamberlain on subject. Please see him.'

As you will have gathered from the message which I sent you on the 19th idem, I saw Mr. Chamberlain without loss of time. I then left him a copy of your cablegram, together with a memorandum embodying the points raised in your message and which you desired should receive consideration.

Mr. Chamberlain promised to inquire into the matter, and he authorized me to inform you, as I did, that he was quite in accord with, and would support, the views of the Canadian Government in regard to the policy of the New South Wales Government in entering into the agreement.

On the 26th ultimo, I received a letter from the Colonial Office, dated the previous day, covering copies of certain telegrams which had passed between Mr. Chamberlain and the Government of New South Wales, and the Governor General of Canada, relative to the agreement, and I thereupon sent you the following cablegram, based on the information contained therein:

'Confidential—Further your cable 16th Chamberlain has received cable from Officer administering Government New South Wales following effect—that policy New South Wales will be to use Pacific cable for all government business, that agreement with Eastern Extension Company does not entitle latter require New South Wales send all controllable traffic by company's lines, that New South Wales free send traffic as it pleases, that no agreement affecting Australasian cable traffic in existence or contemplated. Board had first meeting yesterday. All except representative New South Wales deprecate action that colony in making agreement with Eastern Extension and trust means can still be found by conference several governments interested prevent its operating to prejudice Pacific cable.'

I now inclose copies of these papers for your information.

In view of my cablegram of the 26th ultimo, I thought it well to send you to-day a further message as follows:—

'Received your letters 18th and 20th ultimo, Pacific cable. Do you still wish me to take action on lines indicated in view contents my cable 26th ultimo?'

The Pacific Cable Board met for the first time on the 25th ultimo, as stated in my message on the following day, and I have no doubt that from this time onward we shall be having frequent meetings.

I may add, in conclusion, that the action of the New South Wales Government was borne in mind when the contract for the construction of the Pacific cable was ready for signature. It was felt, however, that to refuse to proceed with the undertaking, or to delay the signature of the agreement, would practically be the very course which the Eastern Extension Company would wish to have adopted. The agreement was therefore proceeded with under the authorities which had been given, in the belief that some means would be found of preventing, or neutralizing, the policy of the New South Wales Government, should they see fit to enter into an agreement with the Eastern Extension Company. You will, of course, be aware, that although a similar agreement has been signed by Western Australia, South Australia and Tasmania, we have never looked upon them as possible partners in the Pacific cable scheme, in the same way as New Zealand, Queensland, New South Wales, and Victoria.

STRATHCONA.

DOWNING STREET, February 25, 1901.

The High Commissioner for Canada.

With reference to the memorandum and the telegram from Sir W. Laurier, communicated by you to Mr. Secretary Chamberlain at your interview with him on the 18th

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instant. I am directed by Mr. Secretary Chamberlain to transmit to you, for your information, copies of telegrams relative to the agreement concluded on the 16th ultimo between the Government of New South Wales and the Eastern Extension Telegraph Company.

2. Copies of these telegrams have also been sent to the chairman of the Pacific Cable Board, together with a copy of the telegram from Sir W. Laurier under reference.

C. P. LUCAS.

(Paraphrase.)

(Telegram.)

Governor General the Right Hon. the Earl of Minto to Mr. Chamberlain.

Despatched Ottawa p.m. February 16, 1901.

Received Colonial Office 8.15 a.m. February 17, 1901.

With reference to previous correspondence respecting Pacific cable. Ministers are informed that effect of agreement of January 16 between New South Wales and Eastern Extension Company entitled company to require New South Wales to transmit all cables from that colony by Eastern Extension lines. If this opinion is correct and if other Australian Colonies, all of which own land telegraph lines have entered into similar agreements, there remains practically no traffic from Australasia for Pacific cable. My government is most desirous of successful completion of Pacific cable and now has notice of bill before Parliament for necessary authority for Canada to share cost, but before pressing legislature to complete, desires for the information of Parliament an expression of the view of the various Australasian partners in Pacific cable scheme as to their construction of agreement. They also consider it most material that no government partner should contract against sending traffic by Pacific cable and they held that each government is entitled to the goodwill of other government partners in direction of controlling cable traffic by Pacific cable.

(Telegram.)

Mr. Chamberlain to Officer Administering the Government of New South Wales.

Sent 7.15 p.m., February 18, 1901.

(Urgent and Confidential.)

Canadian Government desires to know for information of Parliament with reference to agreement of 16th January between Government of New South Wales and Eastern Telegraph Company: First, what will be policy of your government as to sending traffic by Pacific cable? Secondly, whether in opinion of your ministers effect of agreement will be to entitle company to require New South Wales to send all controllable traffic by company's lines? Thirdly, whether any agreement affecting Australasian cable traffic exists or is contemplated by your government? Telegraph reply.

(Telegram.)

Mr. Chamberlain to Governor General the Earl of Minto.

Sent 5.54 p.m. February 23, 1901.

Pacific cable questions connected with New South Wales agreement had already been referred to Pacific Cable Board before the receipt of your cypher telegram of 16th February, but I have seen Strathcona and telegraphed to Government New South Wales asking for information required by Premier for Canadian Parliament. Pending reply from New South Wales, please telegraph on what provisions of agreement your law officers rely in support of their view of its effect.

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*(Telegram.)**The Officer Administering the Government of New South Wales to Mr. Chamberlain.*

Received, Colonial Office, 4.45 a.m., February 25, 1901.

Referring to your telegram of February 18, my Ministers advise first, the policy of New South Wales will be to use the Pacific cable for all government business. Secondly, No. New South Wales is free to send traffic as it pleases. Thirdly, no agreement in existence or contemplated.

17 VICTORIA STREET, LONDON, S.W., March 23, 1901.

The Right Honourable

Sir WILFRID LAURIER, G.C.M.G., P.C.,
Ottawa.

In continuation of my letter of the 6th instant, regarding the Pacific Cable and the agreement between the New South Wales Government and the Eastern Extension Telegraph Company, I beg to acknowledge the receipt of your cablegram of the 8th instant, reading as follows:—

‘Mulock sails to-morrow from New York. I would advise to wait for his arrival.’

I have accordingly taken an opportunity of conferring with the Hon. Mr. Mulock, since his arrival in London, and have discussed with him fully the views set forth in your letters of the 18th and 20th ultimo.

Having regard to the assurances received from the New South Wales Government, as to their policy in connection with the use of the Pacific Cable, the effect of their agreement with the Eastern Extension Co., &c., which were communicated to you in my cablegram of the 26th ultimo, Mr. Mulock was of opinion that it might be advisable for the present to allow the matter to remain in the position it occupies; and I am accordingly taking no action on the lines indicated in your letters to which I have already referred above.

STRATHCONA.

(Confidential.)

17 VICTORIA STREET, LONDON, S.W., April 24, 1901.

The Right Honourable

Sir WILFRID LAURIER, G.C.M.G., P.C.,
Ottawa.

In continuation of previous correspondence regarding the Pacific cable, I beg to transmit to you herewith for your information, a copy of a letter with inclosures which has reached me from the Colonial Office, on the subject of the agreement concluded on January 16, 1901, between the Government of New South Wales and the Eastern Extension Telegraph Company.

I shall be glad to be informed, for communication to Mr. Chamberlain, of the wishes of the Canadian Government in regard to the suggested appointment of a representative to discuss the whole question with representatives of the other Colonial Governments concerned, and of His Majesty's Government. It is proposed that the Conference should meet in London. This will enable us to have the benefit of the advice and assistance of the representative of the Queensland Government, which is quite in accord with the view taken of the matter all along by Canada.

I also venture to direct your attention to the effect of paragraph 6 of the letter from the Colonial Office to the Treasury, dated the 22nd March, 1901, and shall be glad if I can be favoured with the views of the Dominion Government on the aspect of the question therein presented.

STRATHCONA.

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(Confidential.)

DOWNING STREET, April 11, 1901.

The High Commissioner for Canada.

I am directed by Mr. Secretary Chamberlain to transmit to you a copy of a letter from the Pacific Cable Board inclosing resolutions respecting the agreement concluded on January 16, 1901, between the Government of New South Wales and the Eastern Extension Telegraph Company, together with copies of a letter on the subject which was addressed to the Treasury and of the reply from that department.

2. I am to request that Mr. Chamberlain now be favoured with an expression of the view taken by your Government of the suggestion that it should appoint a special representative to consider the whole question with representatives of the other Colonial Governments concerned and of His Majesty's Government.

H. BERTRAM COX.

February 26, 1901.

The Under-Secretary of State,
Colonial Office.

I have the honour to acknowledge the receipt of your letter of the 25th instant, No. 6256, forwarding to me, for the consideration of the Pacific Cable Board, copies of telegrams relative to the agreement concluded on the 16th ultimo between the Government of New South Wales and the Eastern Extension Telegraph Company.

2. In reply I have the honour to forward to you the accompanying copy of three resolutions which were passed by the Board on the subject at their first meeting on Monday last.

S. WALPOLE,
Chairman.

Resolutions of the Pacific Cable Board passed on February 25, 1901.

1. That the agreement entered into with the Eastern Extension Telegraph Company by the Government of New South Wales is prejudicial to the Pacific cable.

2. That it is desirable that a conference representing the Governments concerned in the enterprise should be held to discuss the effect of the agreement on the Pacific cable.

3. That these resolutions be forwarded to the Secretary of State for the Colonies for transmission to the Governments concerned.

(Immediate.)

DOWNING STREET, March 22, 1901.

The Secretary to the Treasury.

With reference to the letter from this department of January 23, I am directed by Mr. Secretary Chamberlain to transmit to you, to be laid before the Lords Commissioners of the Treasury, copies of resolutions recently passed by the Pacific Cable Board respecting the agreement concluded on the 16th January, 1901, between the Government of New South Wales and the Eastern Extension Telegraph Company, Limited.

2. Mr. Chamberlain thinks that in communicating these resolutions to the Government of Victoria, it would be well to accompany them with some suggestion for meeting the difficulty in which that government is placed.

3. A memorandum is transmitted herewith which recapitulates the correspondence which has passed with the colonial governments on the subject of the proposals of the Eastern Extension Telegraph Company.

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4. While possibly His Majesty's Government may not, in view of the declarations made to the Eastern and Eastern Extension Telegraph Companies in 1899 as to the lines on which, so far as the Imperial Government were concerned, the Pacific cable was to be worked, and in view of the long established policy of this country in freely according similar privileges to cable companies at home, be justified in protesting on their own account against the concessions made by the Government of New South Wales to the Eastern Extension Telegraph Company, yet the fact that the agreement in regard to the Pacific cable was entered into by the several Governments while the Governments of New South Wales and Victoria had complete control over the cable traffic in their respective colonies, may be held to have implied that that arrangement would continue, that New South Wales and Victoria would exercise that control by sending as much traffic as possible over the Pacific cable, that they would refrain from entering into engagements like the New South Wales agreement, give the State a direct interest in the traffic of the company, which is a rival of the Pacific cable, and especially that they would not do so in face of the protests of Canada, New Zealand and Queensland, their partners in the Pacific cable scheme.

5. As the Government of New South Wales has actually signed the agreement with the Eastern Extension Telegraph Company the position as regards that State is irrevocable, and the strong pressure which the newspapers and mercantile community are bringing to bear on the Government of Victoria will render it very difficult for that Government to postpone action indefinitely.

6. In these circumstances it appears to Mr. Chamberlain that the best course would be for the various Governments interested to consider how the disturbance, which some of the partners in the Pacific cable scheme think has been brought about by the agreement, can be readjusted.

7. In their report of April 21, 1900, the Pacific Cable Committee intimated that a working arrangement with the Eastern Telegraph Companies would probably be necessary, and, in any case, for the working of the Fiji-Australasian section pending the completion of the other sections such an arrangement will be absolutely indispensable. So long as the Government of Victoria has not finally committed itself to the proposed agreement, the Pacific Cable Board is in a better position to negotiate with the companies than it would be if that State followed the example of New South Wales.

8. Furthermore, the question of terminal charges in Australasia is still unsettled, and also that of the disposal both in this country and in Australasia of 'unordered' messages. The settlement of these questions may afford a means of meeting the present difficulty by a general adjustment satisfactory to all parties.

9. If their Lordships concur, Mr. Chamberlain will be prepared, in communicating the resolutions of the Board to the representatives in this country of the several governments concerned, to send also copies of this letter, and to suggest that their governments should appoint representatives for a special conference to consider the whole question with representatives of His Majesty's Government.

H. BERTRAM COX.

TREASURY CHAMBERS, April 2, 1901.

The Under-Secretary of State,
Colonial Office.

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Cox's letter of the 22nd ultimo and the accompanying resolutions recently passed by the Pacific Cable Board respecting the agreement concluded on January 16, 1901, between the Government of New South Wales and the Eastern Extension Telegraph Company.

My Lords desire me to state, for the information of Mr. Secretary Chamberlain, that they concur in his proposal that the colonial governments concerned should be invited to appoint representatives for a special conference to consider the whole question with representatives of His Majesty's Government.

E. HAMILTON.

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PRIVY COUNCIL, CANADA,
OTTAWA, May 7, 1901.

The Right Honourable
LORD STRATHCONA AND MOUNT ROYAL,
London, England.

I have the honour to acknowledge the receipt of your favour of April 24 and inclosures. With regard to the suggested appointment of a representative of the Canadian Government to discuss with the colonial governments and His Majesty's the subject of the agreement entered into between the Eastern Extension Telegraph Company and the Government of New South Wales, it is the desire of the Government of Canada that you should act in this matter on their behalf.

WILFRID LAURIER.

EXTRACT from a Report of the Committee of the Honourable the Privy Council, approved by His Excellency on May 7, 1901.

The Committee of the Privy Council have had under consideration a cable despatch, hereto attached, dated April 4, 1901, from the Right Honourable Mr. Chamberlain, respecting agreement between 'Government of New South Wales and Eastern Telegraph Company'.

The Minister of Justice, to whom the above cable was referred, states that he sees no reason to modify the view which he expressed upon this agreement as stated in his letter of February 13, 1901, to the Postmaster General, a copy of which is attached hereto.

The Committee advise that His Excellency be moved to forward a certified copy of this minute, together with copy of the Minister of Justice's letter herein referred to, to the Right Honourable the Secretary of State for the Colonies.

All which is respectfully submitted for His Excellency's approval.

JOHN J. MCGEE,
Clerk of the Privy Council.

LONDON, April 4, 1901.

Mr. Chamberlain to Lord Minto.

Referring to your telegram of February 26, law officers of the Crown advise that agreement between Government of New South Wales and Eastern Telegraph Co. is not susceptible of construction placed on it by your law officers. Law officers of the Crown point out that Government of New South Wales nowhere undertakes to send all its messages by Eastern Telegraph Company's route, nor does agreement protect company against competition but on the contrary it recognizes the possibility of competition.

CHAMBERLAIN.

16 VICTORIA STREET,
LONDON, S.W., May 13, 1901.

The Right Honourable
Sir WILFRID LAURIER, G.C.M.G., P.C.,
Ottawa.

With reference to previous correspondence regarding the situation caused by the agreement recently concluded between the Government of New South Wales and the Eastern Extension Telegraph Company, I beg to transmit to you herewith, for your information, a copy of a further letter which has reached me from the Colonial Office on

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the subject, together with copies of the correspondence between that department and the Agents-General for New South Wales, Victoria and New Zealand which accompanied it.

STRATHCONA.

DOWNING STREET, May 8, 1901.

The High Commissioner for Canada.

With reference to the letter from this department of April 11, respecting the situation caused by the agreement recently concluded between the Government of New South Wales and the Eastern Extension Telegraph Company, I am directed by Mr. Secretary Chamberlain to transmit to you, for your information, copies of letters on this subject which have been received from the Agents-General for New South Wales, Victoria and New Zealand, together with a copy of the reply which has been returned to the Agent-General for Victoria.

H. BERTRAM COX.

13 VICTORIA STREET, S.W., April 15, 1901.

The Under-Secretary of State,
Colonial Office, S.W.

I am directed by the Agent-General to state, in reply to your letter of the 11th instant, No. 11886—1901, that his government have informed him by cable that they approve of the recommendation to hold a special conference to discuss the position caused by the New South Wales agreement with the Eastern Telegraph Company, and will appoint a representative accordingly.

I am further directed by the Agent-General to state that his government desire it to be clearly understood that so far as the Colony of New Zealand is concerned, there must be no departure from the original arrangements, at the same time they express a hope that the result of the conference will be that New South Wales will be able to assume the same position as that held by the other contracting parties.

WALTER KENNAWAY.

9 VICTORIA STREET,
WESTMINSTER, S.W., April 17, 1901.

The Under-Secretary of State,
Colonial Office.

Pacific Cable.

I have the honour to acknowledge the receipt of Mr. Cox's letter of the 11th instant, No. 11886—1901, covering a copy of a communication from the Pacific Cable Board, inclosing three resolutions passed at its meeting of February 25 last, respecting the agreement concluded on January 16, 1901, between the Government of New South Wales and the Eastern Extension Telegraph Company; also a letter on the subject, dated 22nd ultimo, addressed to the Secretary of the Treasury, and of the latter's reply, dated 2nd instant.

In reply to the request contained in the letter under reference, that Mr. Secretary Chamberlain might be favoured with an expression of the view taken by my government of the suggestion that they should appoint a special representative to consider the whole question with representatives of the other colonial governments concerned, and of His Majesty's Government, I beg to state that I duly forwarded to the New South Wales Government by the mail of Friday last, a copy of the letter under acknowledgment, and its inclosures, and asked that my government's views on the subject might be conveyed to me for submission to the Secretary of State. I desire to acquaint you,

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however, that I informed them that the resolutions in question were "majority" resolutions, and that I had dissented from each one.

On the occasion of the Pacific cable meeting above alluded to, I requested the chairman to note that I dissented from the resolutions, and I shall be glad if my so dissenting may be duly recorded, which from the wording of the chairman's letter of February 26, would not appear to have been done.

HENRY COPELAND.

VICTORIA OFFICE,
15 VICTORIA STREET, WESTMINSTER, S.W., April 17, 1901.

The Under-Secretary of State,
Colonial Office.

I have the honour to acknowledge the receipt of Mr. Bertram Cox's letter of the 11th instant, inclosing, in addition to certain resolutions passed by the Pacific Cable Board respecting the agreement entered into between the New South Wales Government and the Eastern Extension Telegraph Company, copies of a letter addressed to the Treasury and of the reply.

In the letter under acknowledgment it is also requested that Mr. Chamberlain may be favoured with an expression of the view taken by the Victorian Government with reference to the proposed additional conference.

2. With reference to the immediately preceding paragraph, I have to request you to be so good as to inform Mr. Chamberlain that I am communicating with my Government on the subject, and that as soon as a reply is received I will duly advise him of its terms.

3. I take the opportunity of again placing before Mr. Chamberlain the difficult position in which the Victorian Government is placed, and urging with great earnestness that, without prejudice to the terms of the final settlement, the concurrence of His Majesty's Government should be given to it to enter into an agreement with the Eastern Extension Telegraph Company similar to that now in force in New South Wales.

I would venture to submit that my government have it in its power to enter into this or any other agreement with the Eastern Extension Company without reference to the Imperial Government or to the Pacific Cable Board; but my government is very anxious that any action it may take cannot be in any way construed as being a breach of faith, or as not acting in accordance with the spirit, as well as the letter, of the agreement dealing with the Pacific cable. My government would now be urging that this permission be conceded to it had the position remained in *statu quo ante* the agreement was signed. But my government maintains, and rightly so, that the position has been considerably altered by New South Wales having ratified its agreement with the Eastern Extension Telegraph Company.

The Pacific Cable Board is of the same opinion, so much so indeed that it recommends that a conference to consider the whole question should be held between the Imperial Government and the Colonies concerned. No single member of that board would suggest, I venture to believe, that Victoria was not the largest sufferer by the present state of affairs. New South Wales, as well as South Australia, Western Australia and Tasmania are enjoying much lower cable rates than those in force in Victoria, thus creating a state of affairs which is far from advantageous to the commercial and other interests of the state which I have the honour to represent, and unless the desired concurrence is given to Victoria this state of affairs will, it appears to me, remain in force until the Pacific cable is established and why? Because it is feared by some of the other parties to the agreement that the Pacific cable, when ready to start business will be placed at a disadvantage. This opinion is, however, open to serious question. May it not be that, owing to the reduced rates, business will increase and that the Pacific cable will get its share of that increase and therefore be directly benefited? It is a well known fact that it takes time for a reduced rate, whether postal, telegraph or cable, to be fully appreciated by a community, and it is possible, therefore,

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that the fact that the rates it purposes to charge have been in force some time would act advantageously in the interests of the Pacific cable.

Under these circumstances and especially with a view to the alteration of the position caused by the New South Wales Government adhering to the agreement—an action which is irrevocable, as stated in paragraph five of Mr. Bertram Cox's letter—I again venture to urge that the objection to my government entering into the proposed agreement with the Eastern Extension Telegraph Company be withdrawn, and that the re-arrangement arrived at by the new conference now proposed be made applicable to Victoria equally with New South Wales. This is, I venture to say, a suggestion comprising a greater sense of justice than the proposal mentioned in paragraph seven of Mr. Bertram Cox's letter that Victoria should be made a buffer between the Pacific Cable Board and the Eastern Extension Telegraph Company.

ANDREW CLARKE,

DOWNING STREET, May 8, 1901.

The Agent-General for Victoria.

I am directed by Mr. Secretary Chamberlain to acknowledge the receipt of your letter of the 17th ultimo respecting the situation caused by the agreement recently concluded between the Government of New South Wales and the Eastern Extension Telegraph Company, and to transmit to you, for your information, copies of letters which have been received on the same subject from the Agents-General for New South Wales and New Zealand.

2. Mr. Chamberlain fully appreciates the spirit in which the Government of Victoria has acted in this matter, but as His Majesty's Government is only one of the partners in the Pacific cable scheme, he is unable to recommend that it should take upon itself the responsibility of approving the course suggested in the third paragraph of your letter.

3. Copies of your letter have however been forwarded to the Treasury and to the representatives of the other Colonies participating in the Pacific cable scheme.

H. BERTRAM COX.

17 VICTORIA STREET,
LONDON, S.W., May 23, 1901.

The Right Honourable
Sir WILFRID LAURIER, G.C.M.G., P.C.,
Ottawa.

I beg to acknowledge your letter of the 7th instant, in which you are good enough to notify me that it is the desire of the Dominion Government that I should represent them at the conference which it is proposed to hold to consider the whole question of the agreement concluded between the Government of New South Wales and the Eastern Extension Telegraph Company.

I have communicated to Mr. Chamberlain that I have had the honour of receiving this appointment, and you and your colleagues may rely upon my giving my best attention to the matters to be discussed.

STRATHCONA.

THE BOARD OF TRADE OF THE CITY OF OTTAWA,
OTTAWA, CANADA, June 20, 1901.

The Secretary of State, Ottawa.

The President and Council of the Ottawa Board of Trade have the honour to place before you the inclosed circular letter addressed to the Boards of Trade and Chambers of Commerce throughout the British Empire.

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The Ottawa Board of Trade, in directing attention to the inclosed and in seeking your aid and co-operation, does so under the firm conviction that the movement to nationalize our cable and telegraph service is a matter of primary importance to the British people around the globe, and one of the most effective means of advancing their common interests.

JOHN COATES,
President.

From the Ottawa Board of Trade to the Governor General.

OTTAWA, CANADA, June 20, 1901.

His Excellency the Governor General,
Canada.

I have the honour on behalf of the Ottawa Board of Trade to submit for Your Excellency's information and for the information of the members of your government, the inclosed documents on the subject of state-owned cables and a postal service for the empire.

The president and council of the Ottawa Board of Trade, in directing attention to the inclosed, does so under the firm conviction that the movement to nationalize our cable and telegraph service is a matter of primary importance to the British people around the globe, and one of the most effective means of advancing their common interests.

JOHN COATES,
President.

17 VICTORIA STREET,
LONDON, S.W., July 4, 1901.

The Right Honourable
Sir WILFRID LAURIER, G.C.M.G., P.C.,
Ottawa, Canada.

On receipt of your further letter of April 26, regarding the opinion of the law officers of the Crown on the effect of the agreement recently concluded between the Government of New South Wales and the Eastern Extension Telegraph Company, I at once placed myself in communication with the Colonial Office in order that the matter might again be submitted to the law officers for their further consideration in the light of the view expressed by the Minister of Justice.

I now understand that Mr. Chamberlain has recently addressed a despatch to the Governor General, embodying the reasons for which the law officers of the Crown are unable to concur in Mr. Mills' view of the agreement, or the construction which he puts upon it. I have no doubt that a copy of this communication will come before you in due course.

STRATHCONA.

Mr. Chamberlain to Lord Minto.

LONDON, July 24, 1901.

Pacific cable. Referring to your telegram of December 31, understand that Act promised has passed, but with suspending clause in order to secure settlement of the question referred to in your despatch No. 135, May 11, before it can come into operation. In view of law officers' opinion, forwarded by my despatch No. 185, June 26, may I assume that Act will be proclaimed without delay, matter of urgency? H.M. Government propose to introduce bill into Parliament immediately and attorneys, Canada, have given necessary undertaking that will pay her share of loan charged. Telegraph reply as soon as possible.

CHAMBERLAIN.

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EXTRACT from a Report of the Committee of the Honourable the Privy Council, approved by His Excellency on July 30, 1901.

The Committee of the Privy Council, on the recommendation of the Acting Minister of Justice, advise that a proclamation of Your Excellency in Council do issue naming Thursday, the 1st day of August next, as the day upon which the Act passed at the late session of Parliament, 1st Edward VII., chap. 5, intituled, 'An Act to amend the Pacific Cable Act, 1899,' shall come into force and effect.

CORRESPONDENCE—HON. MR. MULOCK TO RT. HON. SIR WILFRID LAURIER, 28TH MARCH, 1901, TO 6TH AUGUST, 1901.

STEAMSHIP 'HIMALAYA,'

MARSEILLES, March 28, 1901.

Rt. Hon. Sir WILFRID LAURIER, G.C.M.G.,
Premier of Canada.

We have reached Marseilles, and as the *Himalaya* does not sail for a couple of hours, I avail myself of the interval to write you in regard to some matters to which I have given attention during my few days' stay in London.

In the hope of having an opportunity when in Australia of doing something in the direction of improving steamship communication between Vancouver and Sydney (Australia) and of establishing a cargo line between Canada and Australia *via* the Atlantic, I discussed these subjects with Lord Strathcona, certain of the Australasian agents in London, and persons engaged in shipping business. During the course of such investigations I learned from the Hon. Mr. Copeland, Agent-General for New South Wales in London, that the United States had recently reached the decision to enforce certain provisions of its navigation laws, which enforcement, now that the Hawaiian Islands have become possessions of the United States, must seriously interfere with the Canadian trade now being carried on with Australasia by the British line of steamers sailing between Vancouver and Sydney. Understanding that Mr. Copeland had been in communication with the United States Government upon the subject, I called upon that gentleman, who showed me the correspondence which had passed between himself and the United States representative, the last communication from the United States being to the effect that the provisions of the Act in question had been allowed to lie dormant for a sufficient length of time, and that now that they had been put in force no retrograde step would be taken. The probable effect of such action, if the governments concerned remain indifferent, may be to prevent the development, if it does not imperil the very existence of our Vancouver-Sydney line. The manifest object must be to drive our line off the seas, to thereby force Canada to withdraw from the Australian market, and, so far as Canada is concerned, to enable the United States people to capture it for themselves.

The present line of steamers between Vancouver and Sydney, New South Wales, is being operated under a joint arrangement between a company represented by Sir Edwin Dawes, who represents what was formerly the Huddart interest, and the Union Steamship Company of New Zealand, represented by Mr. Mills. The vessels are, I understand, inferior both as to speed and carrying capacity to the line of steamers known, I think, as the Spreckles line, plying between San Francisco and Australia. I saw both of these gentlemen, Sir Edwin Dawes and Mr. Mills, with a view to ascertaining whether they were prepared to improve their line by adopting a better class of steamers. Both of them expressed themselves very apprehensive as to the fate of their line in consequence of the action of the United States to which I have alluded, informing me, and in this they were confirmed by Mr. Copeland, that there had been a marked increase in the volume of United States business done by the Spreckles line with Australia, since it had recently undergone a considerable improvement. Messrs. Mills and Dawes did not appear at all enthusiastic in regard to any proposition looking to any considerable expenditure of capital for supplying a greatly improved class of

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steamer. On this point I had several conversations with the London agent (whose name I forget this moment) of the Vancouver line, and was told by him of a rumour that the Canadian Pacific Railway contemplated taking off their Empress steamers from the Japan route and substituting therefor some much superior ships. It occurred to me that it would be a good thing if, in the event of such action on the part of the C. P. R., their Empresses could be put upon the Australian route, and accordingly I had inquiry made of the London representative of the C. P. R., who cabled to Canada for information and subsequently informed me that there was no foundation for the rumour. The Empresses do, I think, about fifteen knots on the average, though of greater speed. Mr. Mills seemed disinclined to equip his line of ships even up to the standard of the Empresses and intimated to me that the Governments of Australia and Canada had recently renewed their subsidies to his line for three years and this he regarded as settling matters on their present basis for that time. To this I observed that even if the subsidies had been renewed, yet, inasmuch as considerable time would be required in the building of new steamers it did not appear premature at once to arrange for a new basis, and that if higher class ships were substituted for those at present in use it would be very easy to arrange for an alteration of the subsidies to take effect as each new ship took the place of an old one. Mr. Mills seemed unwilling to consider a proposition involving ships of a speed exceeding fifteen knots. Of course I was careful in my conversations with him, and with everyone, in fact, to make it quite clear that I had no authority from the Canadian Government to commit it to any arrangement.

Mr. Mills is the managing director in New Zealand of the Union Steamship Company, a company owning a very large number of ships engaged in the coasting trade of New Zealand and Australia, and it would manifestly be to the advantage of the Canadian line if it had a friendly alliance with the Union Company. By its means Canadian products shipped to Australia could be readily distributed by its many ships throughout all parts of Australasia. In addition to that circumstance it seems to me but fair that the persons who have already put money into the Vancouver line should, if possible, be afforded an opportunity of bringing the character of the service up to present requirements. I closed my discussions with Mr. Mills upon the understanding that he would confer with Sir Edwin Dawes and then, if possible, cable to their representative in Melbourne for my information, stating what their company would be prepared to do in the way of a betterment of the line, making two propositions, one for a fifteen, the other for a sixteen knot service, the ships to be about equal to the Empresses. Even such a line would be of great service to Canadian trade and would also promote passenger traffic via Canada between Australasia and Europe. The C. P. R. would be large gainers, and, I think, it would be reasonable to expect them to aid the line by a direct contribution in the way of subsidy and also by such a regulation of their train service between Vancouver and the east as would enable the steamship line to successfully compete with the San Francisco line for passenger and mail traffic via the Canadian route. If, when in Australia, I receive the propositions above referred to, I will, if an opportunity offers, bring the matter to the attention of the Commonwealth Government.

We should reach Melbourne about the end of April, and I have secured our return passage by the *China*, sailing from Melbourne on June 4, which will bring us to London about the middle of July. I am returning via England on the chance of being able when there to advance negotiations for the service in question. I have also taken passage by the *Lucania*, sailing from Liverpool on August 10 for New York, and will be in Toronto not later than Monday, August 19.

I arrived in England with a slight rheumatic pain in my right shoulder and arm. London March winds developed it, causing excruciating pain. Perhaps it may pass away when we get into warm weather. In my discussions of transportation and other Canadian matters with Lord Strathcona, it was most gratifying to observe the deep keen interest that he takes in everything that makes for the good of our country. Canada is most fortunate in her High Commissioner. With best wishes I am, my dear Sir Wilfrid,

W. MULOCK.

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STEAMSHIP 'HIMALAYA,'

COLOMBO, April 13, 1901.

Right Honourable

SIR WILFRID LAURIER,
Premier of Canada.

We are approaching Colombo in Ceylon, where I shall post this letter. The course after leaving Ceylon is to Freemantle, some three thousand odd miles, and two thousand more will bring us to Melbourne. You will doubtless have already received from me a letter written on board ship at Marseilles regarding transportation matters, and I will again refer to the subject.

The United States is rapidly developing its trade with Australia. Mr. Paterson can furnish you with the figures. We should, I think, make vigorous and early efforts to establish regular business communication with Australia, where, I think, a good market awaits many of our Canadian products. The one great difficulty, apart from distance, is, what are we to buy in exchange. We can take their raw sugar, and on this point I would submit the following observations. Australian sugar may be entitled to come in under our preferential tariff, but unless we adopted countervailing duties might be unable to compete in Eastern Canada with bounty-fed Belgian and German sugars. Their adoption would also encourage the production of Canadian beet-root sugar.

In addition to a betterment of the steamship service between Vancouver and Sydney, there should, I think, be established a freight line between Eastern Canada and Australia. Such a line would probably require four or five vessels in all to provide a regular monthly sailing from Canada. The vessels could start from Montreal in summer, touching at Canadian ports, but should not be permitted to call at any other port between Canada and Australia except it be in South Africa. Let such a line be exclusively British. It would, I think, prove of great value to Canadian industries, for it would most certainly be the means of developing trade with Australasia.

There is no question as to our being able to do a large export trade in such articles as paper, pulp, lumber, furniture and woodenware, general electrical appliances, agricultural implements, machinery, boots and shoes, cottons, woollens, iron, steel, canned fish, &c., &c. We could take in return raw sugar, wool, hides, tin, perhaps, though doubtful on this point, some of the Australian heavy woods, and such tropical fruits as are raised there and are capable of being transported long distances. They raise oranges, lemons, prunes, nuts, &c., articles of which we import large quantities. Even if Canada has to incur some expense in the establishment of a cargo line, it will indirectly help the country by enabling us to find a market in Australia for our output.

It may be asked why we should subsidize a line via the Atlantic and another via the Pacific to Australia. The answer is obvious. Freight rates from Eastern Canada to the British Columbian coast must, I think, greatly handicap Eastern Canada if her freights must cross the Canadian continent en route to Australia. Nine-tenths of the people of Canada and almost our whole manufacturing industries are in Ontario and other easterly provinces. To send goods to Australia via Vancouver subjects them to railway freight rates for three thousand miles across our continent to the Pacific Ocean, and when these goods are landed at Sydney in New South Wales they are subject to further land and water freight rates if destined for Melbourne, Adelaide or Western Australia. It is perhaps safe to say that these Australian charges will equal the freight charges from Eastern Canada to Vancouver. All these land charges would be saved if these goods could be shipped from St. Lawrence or Atlantic ports by vessels proceeding via the Atlantic to Australia and delivering them at the ports of their final destination in Australia. There would, of course, be some slight land haul in Canada, namely to St. Lawrence or Atlantic ports, but averaging, perhaps, not five hundred miles as against many times that distance if the Vancouver route is adopted for eastern goods. In dwelling upon the importance of an Atlantic line for Eastern Canada, I do not underestimate the value of the Vancouver route for Western Canada but consider that Canada with her double water front requires the two services.

Whilst to some extent our possibilities for trade with Australia will depend upon the result of the Australian elections, and the fiscal policy of the successful party, still,

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even if the Commonwealth should adopt an essentially protective tariff, Canada will have at least, an equal chance in that country with all comers and perhaps a better one, for we might be able to enter into some reciprocal preferential trade. There may be no opportunity for my making any overtures to the Australian Government, but there is a chance. Of course nothing can be concluded, but perhaps it may be possible to give a favourable start to negotiations. The Australian Government might be willing to take power to make trade arrangements with other parts of the empire. If the powers which Mr. Fielding has taken in this direction are not sufficient, would it not be well to have them enlarged?

Enough upon public matters. The rheumatic affection in my arm has not abated but continues to give me intense pain. The ship surgeon informs me that it is in the nerves and that recovery will be slow. Hoping you are quite well, I am,

W. MULOCK.

MELBOURNE, AUSTRALIA, May 20, 1901.

Rt. Hon. Sir WILFRID LAURIER, G.C.M.G.,
Premier of Canada.

I presume you will have already received my last letter, posted at Colombo, referring chiefly to trade matters between Canada and Australia. Since reaching here I have availed myself of every suitable occasion to discuss the subject with Mr. Barton, Premier of Australia, who has expressed his strong desire for closer trade relations between the two countries, if a satisfactory basis can be found. We discussed in a general way the question of a mutual preference, and in this connection I pointed out to him the provision in the Canadian Customs Tariff under which Australia might so fix its duties as to secure the benefit of our minimum tariff, suggesting that perhaps his government might see its way to adopting similar legislation. To this proposition he observed that his government would be unable to reach any conclusion in regard to the question of reciprocal preferential trade with Canada or any other colony until the views of the Imperial Government upon the subject were first ascertained. He also pointed out that before taking such a step his government would have to consider its effect upon trade relations of Australia with other countries, and therefore he did not think the subject was ripe for consideration by his government or the Commonwealth Parliament. I pointed out to him that perhaps some progress might be made if his government were to obtain power from parliament at the present Session to make a reciprocal trade arrangement with Canada, and whilst he regarded this view with a certain measure of favour, still I have reached the conclusion that the difficulties in the way of preparing a tariff measure for the Commonwealth at this its first session are such that the government will hesitate to impart into the measure any controversial feature not absolutely necessary for immediate purposes. We discussed only in the most general way the subject of tariff details. Whilst Australia can take much that Canada produces, there appears to be a somewhat limited list of articles that Canada can take from Australia. Still it might be possible to agree upon a schedule of articles to be put on a preferential list.

In my Colombo letter to you I referred to the necessity for improved transportation by the establishment of a better steamship line for the Pacific service, and a line of cargo ships for the service from eastern Canada via the Atlantic, perhaps touching at the Cape en route for Australia. Mr. Barton yesterday stated that his government would be prepared to co-operate for the betterment of the Pacific service. As to the Atlantic service, we are to discuss this further. As yet he has expressed no opinion.

I think the complications growing out of the action of New South Wales in regard to the Pacific cable call for a revision of the terms upon which the various governments united in connection with that work. Perhaps you may not be fully aware of the nature of the action of New South Wales. Permit me, therefore, to explain it. The Australia States own all the land telegraph lines. At the time of Canada and the other governments

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agreeing to the Pacific cable scheme, the Eastern Extension Telegraph Company enjoyed no rights or privileges in Australia to operate land lines or maintain offices for the receipt and delivery of messages, the various Australian States at their telegraph offices receiving from the public all messages for transmission by cable, and also all messages coming by cable for distribution. You will thus see that at this time the Australian States practically controlled the route to be taken by all messages handed in to them for transmission, unless the senders routed them by a particular cable line. This condition of affairs gave an assured revenue to the Pacific cable. I have not with me the contract and other Pacific cable papers, but, speaking from memory, my recollection is that the contract for the construction of the Pacific cable was executed upon December 31, 1900, that fifteen days thereafter, New South Wales (before its telegraph system had passed over to the Commonwealth), in disregard of its partnership obligations towards the other governments, entered into an agreement with the Eastern Extension Cable Company, empowering that company to construct certain land lines in New South Wales, open offices, &c., and practically to duplicate that State's land telegraph system. This concession, placing as it does, the Eastern Extension Company in an infinitely better position for gathering business, materially alters the conditions existing when the partnership was formed.

The action of New South Wales cannot, I think, be regarded as just or fair towards her co-partners. The neighbouring State of Victoria, though strongly urged to do so, has up to the present refused to follow the action of New South Wales, which, because of this concession, now enjoys cheaper cable rates than Victoria. The Imperial Government, I understand, concurs with Canada in disapproval of the action of New South Wales. I have discussed the matter with Mr. Barton, and whilst he regrets the action of New South Wales, he points out that the Commonwealth, having inherited the complication growing out of that action, must adopt it. Much pressure continues to be brought to bear to compel Victoria to follow New South Wales' lead. Yesterday the Melbourne papers published cable despatches from London to the effect that Mr. Chamberlain had been consulted by the State of Victoria as to whether the Imperial Government would disapprove of Victoria following the action of New South Wales and had refused such approval. Leading Melbourne papers yesterday assailed the Government here for having submitted the matter at all to Mr. Chamberlain. Mr. Barton would like to see an honourable way out of the difficulty, and whilst regarding it as the duty of the Commonwealth to live up to the spirit of the Pacific cable partnership arrangement, still he sees no way of undoing New South Wales' action.

I pointed out to him that (as compared with that of Australia) Canada's commercial interest at present in the Pacific cable was small, for Canada would use the cable in connection only with her own Australasian business, whilst Australia would use it for its Canadian, English and European business, or if it did not so use it, would still get the benefit of it as a regulator of rates in connection with that business. Thus whilst Canada would derive no material indirect advantage for her share of the loss in the working of the cable, Australia might be fully compensated indirectly by the advantage which her commercial men would derive from a reduction of cable rates no matter by what line their business was done. I also intimated to Mr. Barton that the more Canada's business with Australia increased, the less would she be a sufferer by the action of New South Wales, and that his government had it in its power therefore to make such trade arrangements with Canada as would greatly extend our trade with Australia and correspondingly repair the injury occasioned by the action of New South Wales. Mr. Barton appears to quite realize the injustice occasioned to Canada by the State depriving the Pacific cable of the business which it had a right to expect in consequence of the conditions existing when the partnership was formed, and expressed himself as most anxious that the Commonwealth should not, at its very inception, do anything to lose the sympathy and goodwill of Canada, which they feel they now enjoy in a marked degree.

There appear to me but two possible solutions to the difficulty. Either a re-arrangement of the present financial basis whereby the Commonwealth will relieve Canada of a material part of its share in the financial liability of the Pacific cable enterprise, or make

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such a preferential trade agreement with us as will greatly increase our trade with Australia.

W. MULLOCK.

HOTEL CECIL,

LONDON, W.C., August 6, 1901.

Right Honourable Sir WILFRID LAURIER, G.C.M.G.,
Premier of Canada.

On the first suitable occasion after meeting the Right Honourable Mr. Barton, Premier of Australia, I brought up the question of the relations between Australia and Canada, when he gave expression to the kindest feelings towards the Dominion, and the hope that it might be possible to bring the two countries into closer trade relations. On this occasion the discussion did not reach beyond generalities but it was arranged that we should at a subsequent meeting consider particulars. In order to centre the discussion around some points in which Canada might be considered as having a special interest, I drafted a letter enumerating some of these points, and they became the subject of discussion at our various meetings in Melbourne, Sydney and on the train.

At one of our Sydney meetings I delivered to Mr. Barton a letter dated May 28, which is practically a copy of my draft letter that we had before us at previous meetings. The following is a copy of the letter.

SYDNEY, May 28, 1901.

Right Honourable EDMUND BARTON, P.C.,
Prime Minister of Australia.

With reference to our discussion as to the adoption of methods looking to increased and improved trade relations between Australia and Canada, it occurs to me that a consideration of the following propositions might be of service.

1. Absolute free trade between the two countries excepting in respect of liquors tobaccos, and perhaps a few other named articles.
2. Free trade in respect of an enumerated list.
3. Reciprocal trade on a preferential basis except as to articles mentioned in proposition number one.
4. Reciprocal trade on a preferential basis in respect of an enumerated list.
5. Free trade in respect of an enumerated list, and also reciprocal trade on a preferential basis in respect of an enumerated list.

It would also seem necessary to deal with the subject of transportation, and in this connection to consider whether it would not be advisable to improve the existing mail service between Australia and Canada via the Pacific by putting on a line of steamers of a speed of not less than say 16 knots, and also by establishing a cargo line, with regular sailings from Eastern Canada via the Cape, touching at Freemantle, Adelaide, Melbourne, Sydney, Brisbane, and perhaps other Australian ports. The cargo vessels, when not having a full cargo of through freight, might on voyage touch and trade at the Cape.

Owing to the long land transportation between Vancouver and Eastern Canada, the attempt to obtain a market in Eastern Canada for Australian products sent via Vancouver must always be seriously handicapped. A regular line of cargo steamers sailing between Australian and Canadian Atlantic ports would, in all probability, lead to Australia largely securing the Canadian market, which is a growing one, for many articles which Canada could take from Australia, such as raw sugars, hides and skins, cottons, jams of tropical fruits, wool, tin, etc.

With reference to sugar, Canada imports annually over 300,000,000 pounds, of which Australia sent us last year about 16,000,000 pounds. Most of our sugar refineries are in Eastern Canada, and accessible by ocean-going steamers. At present Canada imports annually from Belgium and Germany alone about 250,000,000 pounds of raw

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sugar. Should Australia desire to secure the Canadian market for sugar the question would arise whether to counteract bounties on any of our imported sugars it would not be necessary to establish countervailing duties.

CABLE COMMUNICATION.

The concessions granted by New South Wales to the Eastern Extension Cable Company may so seriously affect the financial success of the Pacific cable scheme as to develop a feeling against the policy of state owned cables. I do not know whether any honourable course exists that would admit of the rescission of these concessions. If the various governments look forward to an extension of the Pacific cable to the Orient it would seem that the interested governments, before uniting in any such extension scheme, might reasonably press for a return to the 'status quo' existing when the Pacific cable partnership was formed.

Doubtless there are many other methods whereby trade interests between the two countries may be developed, and to that end I can confidently assure you that anything looking to the advancement of Australia's interests will receive the most favourable consideration of the Canadian Government. Perhaps, to prevent loss of time, you might consider the subject of sufficient importance to ask parliament to empower your government to deal with it without further legislation.

WILLIAM MULLOCK.

As to the tariff question, I inferred from what Mr. Barton stated that the Commonwealth Government had not made sufficient progress with their tariff scheme to be in a position to deal with special tariff features such as might be involved in reciprocal trade relations between Australia and Canada. Mr. Barton pointed out two difficulties in the way of a preference to Canada, one that it might result in other countries retaliating against Australia; the other, that they could hardly grant a preference to Canada and withhold it from Great Britain. In answer to the former objection, I observed that the empire was one political organization and, that, as regards foreign countries, tariff relations within the empire were matters of purely domestic concern, and that if the whole empire took this view there would probably be no question of retaliation. As to the latter objection, I expressed the hope that Australia might be able to extend to Great Britain any rates or privileges granted to Canada. If she should not see her way to doing so, I think there would be no difficulty in obtaining from Great Britain an expression of willingness that Australia and Canada might make between themselves whatever trade bargains they chose.

We discussed the subject of transportation, and Mr. Barton expressed his cordial sympathy with any policy looking for an improvement of existing line between Vancouver and Sydney, and I think it can fairly be assumed that he will heartily co-operate with Canada to that end.

As to giving a subsidy to a cargo line, he stated that the proposition came to him as a new one, and he could not form an opinion in regard to it without further consideration.

As to the Pacific cable scheme, he assured me that the Commonwealth would afford no ground of complaint to the various governments concerned, but that, as the heir to the obligations of the various states, Australia would have to stand by what each state had done.

From about the thirtieth of May until my departure from Melbourne on the fourth of June, there were daily meetings between Mr. Barton and myself for the discussion of trade, transportation, cable and other matters, resulting in our reaching the conclusion that, having regard to the great interests involved, it would be advisable that an inter-colonial conference should be held in the near future when these subjects and any other matters of inter-colonial concern might be fully considered by representative of the various governments, and it was arranged that we would so present the matter to our respective governments. He mentioned that his Parliament might continue in session until near November, and we talked of December as probably the earliest convenient

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date for a meeting. The next session of the Australian Parliament will be in the spring of 1902, and if the results of the conclusions of any such conference should call forth legislative action at the next meetings of the respective parliaments of the two countries the conference should be held at the earliest possible date. Mr. Barton expressed a willingness to endeavour to obtain legislative authority in advance in respect of reciprocal trade with Canada, but the state of political parties in the Commonwealth Parliament is, I fear, not so satisfactory as to enable the government to altogether control such legislation.

It is advisable, I think, to take advantage of the present very friendly feeling between Australia and Canada by having a conference at an early date.

As to a place of meeting, Mr. Barton, I think, would not expect us to go to Australia. He and his associate Ministers might be willing to come to Vancouver or London.

On the eve of my departure from Australia I wrote him the following letter, and since reaching London have received his acknowledgment (copy below), which is but an echo of the good feeling prevailing throughout Australia towards Canada.

ADELAIDE, June 6, 1901.

The Right Honourable EDMUND BARTON, P.C.,
Premier of Australia.

I cannot leave your shores without expressing both personally and as representative of Canada at the celebrations connected with the inaugural proceedings of the Australian Commonwealth Parliament, my grateful appreciation of the hospitality extended to myself and party, and of the completeness of the arrangements for our comfort and enjoyment. I shall take back with me most pleasurable impressions of your people and country, amongst them the kindly feeling entertained by Australia towards Canada, a feeling which is fully reciprocated.

Your young Commonwealth enters the family of nations with the best wishes of the Dominion for her development and her prosperity, and no portion of the Empire will take a deeper interest in Australia's welfare.

Believe me, my dear Mr. Premier,

WILLIAM MULOCK.

MELBOURNE, June 14, 1901.

Hon. W. MULOCK.

I have to thank you very sincerely for the expressions contained in the letter you addressed to me from Adelaide on the eve of your departure from Australia. I am indeed gratified to know that your stay amongst us was a pleasant one, and that your short experience of Australia has enabled you to take back with you pleasurable impressions of our country and its people.

I need hardly say that your visit has been a source of very considerable personal pleasure to myself. It will, however, I feel sure, prove of distinct advantage to the Commonwealth, both in intensifying those kindly feelings between Canada and Australia to which you so generously refer, and in throwing new light on those questions of common importance which I have had the pleasure of discussing with you.

It affords us no small encouragement, in undertaking the task of setting our federal machinery in motion, to know that we have the good wishes and the sympathetic interest of a community which has performed a similar task with such signal success. These good wishes are most heartily reciprocated, and I speak not only for myself, but for the people of Australia, when I express the earnest hope that the present friendly feeling which subsists between Canada and Australia, which your visit has done so much to strengthen, may be a permanent characteristic of our intercourse.

EDMUND BARTON.

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I may add that in conversation Mr. Barton continually expressed the friendliest feelings towards Canada, and I have no doubt of his sincerity. Hence another reason for the conference being held when conditions appear so favourable.

W. MULLOCK.

HOTEL CECIL,

LONDON, W.C., August 6, 1901.

Rt. Hon. Sir WILFRID LAURIER, G.C.M.G.,
Premier of Canada.

During my stay in Australia I met many representatives of Canadian manufacturers, and had an opportunity of discussing with them the prospects of Canada finding there a good market for her manufactured goods, and without a single exception all assured me that with proper transportation facilities we might confidently look forward to our sales to Australia steadily increasing and assuming very considerable proportions. If friendly feeling on the part of the people is a factor in connection with such trade, Canada certainly enjoys that advantage for everywhere is manifested the kindest feeling towards the Dominion. At present Canadian goods reach Australia by two routes, namely the Vancouver and Sydney line, and by vessels sailing from New York. Our manufacturers' representatives in Australia made known to me the inadequacy of the existing transportation arrangements.

As to the Vancouver line they pointed out that it involved long railway haul in Canada and also in Australia. The ships of this line call at Brisbane and Sydney only in Australia. Goods destined for other parts of the island must reach their destination by rail or water. As to the American route they assured me that Canadian goods were discriminated against by the shipping companies being frequently left behind, and the preference given to American goods where the total amount offered for carriage exceeded the ship's capacity. In consequence of this treatment they report Canadian trade greatly handicapped, it being impossible to give satisfactory assurances to Australian merchants as to the date when the goods will arrive. Some of these representatives of Canadian houses intimated that unless better transportation facilities were provided it might result in their houses abandoning trade with Australia.

As to transportation, both before going to Australia and since my return to London, I have met Mr. James Mills, managing director of the existing line of steamers between Vancouver and Sydney, and whilst he is not very desirous of improving the character of the line throughout, he appeared to indicate a willingness to try the effect of an improvement to the extent of putting on one sixteen knot ship. Mr. Mills lives in New Zealand, and will be returning via Canada this fall, and will come to Ottawa on his way through to discuss the subject.

With further reference to the betterment of the line between Vancouver and Sydney, and the establishment of a cargo line between Canada and Australia, I beg to state that Mr. Cox, the Australian agent of the London firm of Birt, Potter & Hughes, Limited, called upon me and stated that this company represented the Federal Steam Navigation Company, of which Mr. Hughes was chairman, that this company had at present a line of steamers sailing between New York and Australia, and would be prepared to take up the subject of the establishment of lines between Vancouver and Sydney, and Eastern Canada and Australia. He showed me a letter from Mr. Ward, of New Zealand, stating that New Zealand would contribute twenty thousand pounds subsidy towards such a line provided one of its terminal points was in New Zealand. Subsequently Mr. Hughes and Mr. Cox called, when the matter was further discussed. Mr. Hughes assured me that his company was financially strong, and quite capable of carrying out any of its undertakings.

As to the establishment of a line between Eastern Canada and Australia, he thought it advisable to ascertain the tonnage of Canadian freight now going by his line from New York, and he subsequently called and stated that he had cabled for information and he found that the present volume of Canadian freight would furnish a full

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cargo for from four to five ships of the character that he would suggest for this route. I think he mentioned ships of six thousand tons. He stated that one of the chief customers was the firm of Massey-Harris, and it would be important to ascertain their attitude with regard to any direct Canadian line. He also pointed out the importance of having satisfactory railway rates to the seaboard during the time that the St. Lawrence navigation was closed. He expressed the view that it would be better for Canada not to stipulate for a round trip but simply secure one sailing a month from Canada, allowing the ships to work their way back as best they could. Mr. Hughes is prepared to come to Canada whenever it is thought desirable to further discuss this question. I think that, considering the Canadian trade via the Atlantic with Australia already under all the disadvantages attending it, furnishes freight for about five ships a year, it would be a short time before it would supply a full monthly cargo and go beyond that. What the trade requires is regularity and certainty of transportation. Once these guarantees are forthcoming, business houses in Canada will feel warranted in incurring the expense of establishing themselves in Australia, but these facilities of transportation must, I submit, precede the establishment of trade on anything like a satisfactory basis. I would therefore think it advisable to establish by subsidy a line of steamers sailing monthly from various ports in Canada to Australia, the arrangement to be for say three years.

I find from a return to the Imperial Parliament (Commercial No. 4, 1900) that it is the practice of many governments to subsidize their mercantile marine. For instance, France last year paid to her mercantile marine by way of subsidy for construction, £196,000; for navigation, tonnage and mileage, £452,000, or a total of £648,000. This covers a line to Australia. Germany pays £115,000 a year for the maintenance of the North German Lloyd line with Australia, and in addition the steamship company obtains certain indirect advantages such as reduced railway rates, and also exemption from customs duties on materials entering into the construction and operation of their ships. Other countries furnish like precedents. In 1898 Canada subsidized the Manchester freight line. Mr. Hughes did not approve of the outgoing Australian ships taking freight to South Africa. There would however be no objection, I think, to delivering mails there. I think mails from Halifax for Cape Colony by a ten knot steamer would reach Cape Town sooner than if sent via England.

W. MULOCK.

OFFICE OF THE HIGH COMMISSIONER FOR CANADA,
17 VICTORIA STREET, LONDON, S.W., August 14, 1901.

The Honourable
The President of the Privy Council,
Ottawa, Canada.

With reference to my letter of the 9th instant, No. 683, I have the honour to transmit to you the following newspaper cuttings for your information:—

Date.	Paper.	Subject.
August 13, '01..	The Times...	Letter of Sir Edward Sassoon on Cables and the Colonial Office.
" 13, '01..	"	Debate in the House of Commons on second reading of Pacific Cable Bill
" 14, '01..	"	Proceedings in Committee on the above Bill.

J. G. COLMER,
For the High Commissioner.

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7 RICHMOND TERRACE,

WHITEHALL, S.W., August 14, 1901.

Governor General of Canada.

I represent the Colonial Office on an inter-departmental committee to consider the cable communication of the Empire.

The evidence taken before that committee has been divided into two parts, that which deals with the general subject and that which deals with the strategic part of the question. The latter certainly will not be published, but the former part will be submitted to the Treasury, who will exercise their discretion as to whether it shall be published or not. Some part of it undoubtedly will be, as the committee was appointed at the instance of Sir Edward Sassoon in response to a motion in the House of Commons.

Mr. Mulock was one of the witnesses, and gave evidence of the intention of the Canadian Government to lay a special cable between Canada and England for the use of the Canadian people. Will you let me know whether your ministers would have any objection to that evidence appearing in the blue-book, or whether the matter is still in too premature a condition to make it desirable to give publicity to it?

ONSLOW.

From February 25, 1901, to August 21, 1901.

ABSTRACT OF MINUTES OF PACIFIC CABLE MEETINGS, I TO IX

(Private and Confidential.)

(1st Meeting.)

MR. GLEADOWE'S ROOMS,

TREASURY, S.W., February 25, 1901.

Mr. C. T. Davis appointed temporary secretary.

Proposed visit of Mr. Peake (of Messrs. Clark, Forde & Taylor) to the various stations of the company, discussed.

Letters addressed to the High Commissioner and Agents-General for the various colonies introducing Mr. Peake and asking that the officer deputed in each to meet him might be allowed to assist him in acquiring necessary land and otherwise.

Letter to Colonial Office to the same purport *re* Fiji and Fanning Island.

War Office and Colonial Office correspondence on the advisability of landing cable under the guns of some fort, considered, and deprecated in the case of Esquimaux as—

1. Lengthening cable.
2. Liability to interruption in shallow water in time of war.
3. Liability to interruption in shallow water in time of peace.

In the case of Queensland and No. 3 sections, the suggestion was also deprecated as involving alteration in the contract; letters to be sent to the Colonial Office accordingly.

Agreement of January 16 between New South Wales and Eastern Telegraph Company read, and resolved:—

1. That the agreement is prejudicial to the interest of the Pacific cable.
2. That it is desirable that a conference representing the governments concerned should be held to discuss the effect of the agreement on the Pacific cable.
3. That this resolution be forwarded to the Secretary of State for the Colonies for transmission to the governments concerned.

Adjourned to March 4.

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*(2nd Meeting.)*MR. GLEADOWE'S ROOMS,
TREASURY, S.W., March 18, 1901.

Mr. Hugh Latham appointed secretary.

Offices secured at 24 Queen Anne's Gate, S.W.

Letter from Clark, Ford & Taylor *re* payment of first instalment, to be sent to the Treasury.

Western Branch of Bank of England to be asked to act as bankers.

British companies to be asked whether they are prepared to send messages across Canada at $\frac{1}{2}$ rateLetter from executors of William Greig *re* Fanning Island read, and copy sent to engineers to be communicated to Mr. Peake with intimation to take care to recognize no right of ownership on behalf of any person in the island. Existing correspondence on the subject to be obtained from Colonial Office.*(3rd Meeting.)*MR. GLEADOWE'S ROOMS,
TREASURY, S.W., March 25, 1901.Telegram from Mr. Peake *re* agreement with Canadian Pacific Railway, for extending their land lines from Victoria to Vancouver, considered and draft telegram conditionally accepting same approved.

Appointment of solicitor considered and postponed. Terms of lease of offices at Queen Anne's Gate approved.

Secretary instructed to furnish offices.

First payment to contractors, £287,463, made.

*(4th Meeting.)*24 QUEEN ANNE'S GATE,
LONDON, S.W., April 29, 1901.

Treasury letter read as to advance of £290,000. Finance Committee, consisting of chairman and one other member (in alphabetical rotation), appointed to meet half an hour before each meeting to check accounts.

Letters from Mr. Peake *re* Grappler's Creek were read and attention was called to the fact that the estimated cost of clearing was high, and the engineers were advised that the Board assumed that the clearing would be done by open contract.

Chairman was asked to approach Messrs. Hollams Sons, Coward & Hawkesley as to their willingness to act as solicitors to the Board.

Resolved, that future meetings should be held on the first Monday in every month, at 4 p.m.

Letter from Mr. Mulock as to appointment of Canadians to Canadian positions in the cable system considered, and a reply sent pointing out that the Board could not pledge themselves to such arrangement, as it was important that the best possible men should be in all cases selected, and the staff once appointed must be removable from station to station in their own interests and for the due working of the cable.

Correspondence with Anglo-American Telegraph considered. Proclamation of transference of telegraphs and telephones to Australian Commonwealth was read.

It was resolved that application would be made to the Post Office to send all unrouted messages via the Pacific cable.

The question of omission of penalty clause from contract was raised and asked to investigate.

Telephone ordered.

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(5th Meeting.)

24 QUEEN ANNE'S GATE,

LONDON, S.W., May 20, 1901.

War Office correspondence *re* landing places. Chairman's letter to Colonial Office approved.

Engineer's recommendation as to obtaining tenders for instruments approved.

Sir Robert Herbert to be asked whether the Donald Currie line would allow Mr. Scott to place his services at the Board's disposal for the purpose of preparing plans of the repairing ship.

Correspondence with G.P.O. *re* unrouted messages.

Letter from Anglo-American Telegraph Co. *re* rate to Vancouver.

Letter from Sir Francis Mowat *re* penalty clause.

Letter from Agent-General for New Zealand, inclosing recommendation that the Pacific cable should be taken via Honolulu.

(6th Meeting.)

24 QUEEN ANNE'S GATE,

LONDON, S.W., June 30, 1901.

Appointment of staff to stand over.

Letter from Sir Robert Herbert read *re* Mr. Scott's service.

Resolved, that Mr. Scott be asked to prepare plans of repairing ship.

Question raised as to responsibility of contractors for repairs after completion being reduced from 6 months to 30 days.

Dr. Muirhead's invention referred to engineers.

Selection of Southport landing place at Queensland reported.

Letter from Under-Secretary of State *re* Defence Committee.

Letter to G.P.O. *re* unrouted messages.

Service messages considered, and Atlantic companies to be asked to carry Pacific cable's messages at half rates.

(7th Meeting.)

24 QUEEN ANNE'S GATE,

LONDON, S.W., July 1, 1901.

Chairman asked to make inquiries as to salaries, duties, responsibilities and relations to, of managers to other Boards.

Agreement with Federal Government submitted to Board's solicitors.

Letter from Sir G. O'Brien *re* ownership of Fanning Island.

(8th Meeting.)

24 QUEEN ANNE'S GATE,

LONDON, S.W., July 26, 1901.

Sub-Committee appointed to inquire into the qualifications of candidates for the post of manager—procure, if necessary, additional candidates—and draw up regulations for manager's conduct of business.

Plans of repairing ship considered and referred to Mr. Finch to report to sub-committee.

Proposed plans at Southport to be circulated amongst the members of the Board.

Selection of landing places at Norfolk Island and New Zealand reported.

Question in Parliament *re* progress of cable reported, and letter addressed to contractors.

Chairman's evidence before Colonial Defence Committee reported.

Home and Federal Post Office correspondence as to unrouted messages considered.

Letter from Under-Secretary of State inclosing report on Fanning Island.

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(9th Meeting.)

24 QUEEN ANNE'S GATE,

LONDON, S.W., August 21, 1901.

Sub-committee's report considered and chairman authorized to appoint Mr. Reynolds manager at a salary of £800 per annum for three years, on his resigning his other directorships.

Sub-committee's approval of tenders for apparatus reported and confirmed.

Engineers' preliminary report considered. Draft letters to the Canadian Pacific Railway, Hon. J. G. Drake and Sir F. Darley, pointing out the importance of avoiding unnecessary delay in acquiring land and erecting buildings, read and approved.

Report of survey and alterations in type and length of cable found necessary between Australia and Norfolk Island.

Dr. Muirhead's letter *re* invention to be referred to the manager.

Letter from engineers as to two repairing ships having at one time been contemplated.

Plans for repairing ship again considered, together with reports of Mr. Finch and sub-committee, and approved, subject to provision if possible of additional cabin, w.c. and bath accommodation.

Letter from Treasury *re* colonial payments.

Engineers instructed to obtain plans and estimates for cable machinery from the Telegraph Construction and Maintenance Company.

24 QUEEN ANNE'S GATE,

LONDON, S.W., August 30, 1901.

His Excellency

The Governor General of the Dominion of Canada.

I am instructed to inform you that the Pacific Cable Board has appointed Mr. Charles Henry Reynolds, late Director General of Telegraphs in India, as its general manager.

I am to add that Mr. Reynolds will enter on his duties in the course of the ensuing month.

HUGH CHATHAM,

Secretary.

Mr. Chamberlain to Lord Minto

Governor General

The Right Honourable

The Earl of Minto, G.C.M.G., &c., &c.

DOWNING STREET, September 19, 1901.

I have the honour to transmit to you, for the information of your Ministers, copies of the Pacific Cable Act, 1901, recently passed by the Parliament of the United Kingdom.

J. CHAMBERLAIN.

From Mr. Chamberlain to Lord Minto.

LONDON, November 27, 1901.

Referring to your telegram of November 25, terms of licenses still under discussion. Copies will be sent to you as soon as possible.

J. CHAMBERLAIN,

SESSIONAL PAPER No. 77

From Mr. Chamberlain to Lord Minto.

DOWNING STREET, November 29, 1901.

With reference to my despatch No. 278, of September 19, forwarding copies of the Pacific cable Act, 1901, I have the honour to transmit to you, to be laid before your Ministers, copy of a letter from the Treasury, inclosing copy of a minute detailing the financial arrangements which the Lords Commissioners propose to make under that Act.

I shall be glad to learn by telegraph at your Ministers' early convenience, whether they concur in the terms of the minute.

J. CHAMBERLAIN.

TREASURY CHAMBERS, November 20, 1901.

Under-Secretary of State,
Colonial.

I am directed by the Lords Commissioners of His Majesty's Treasury to transmit, to be laid before Mr. Secretary Chamberlain, a copy of their minute of the 5th instant, detailing the financial arrangements proposed to be made under the Pacific Cable Act, 1901 (1 Edw. VII, c. 31).

As these arrangements affect the colonies which are concerned in the cable, I am to request that copies of the minute may be transmitted to the various colonial governments in question, and that they may be invited to express formally their concurrence in the proposed arrangements.

My Lords propose to defer the publication of the minute until such concurrence has been notified to them through your department.

E. W. HAMILTON.

PACIFIC CABLE ACT, 1901.

TREASURY MINUTE, DATED NOVEMBER 5, 1901, RESPECTING FINANCIAL ARRANGEMENTS.

The Chancellor of the Exchequer calls attention of the Board to the Pacific Cable Act, 1901 (1 Edw. VII, c. 31), which provides for the construction of the Pacific cable at an estimated cost of £2,000,000.

As recited in the preamble of the Act, it has been arranged that any sums required for—

- (1) Repayment of money borrowed under the Act;
- (2) Payment of interest thereon at 3 per cent; or
- (3) Annual expenses of the cable, shall be provided from receipts in connection with the cable, so far as such receipt will go, any deficit being ultimately met out of imperial funds to the extent of 5-18ths, and out of the funds of Canada, New South Wales, Queensland, Victoria and New Zealand to the extent of 13-18ths. Any profits arising from the undertaking will be divided between the governments concerned in the same proportions. Section 1 empowers the Treasury to issue from the consolidated fund a sum not exceeding £2,000,000 to meet the requirements of the Pacific Cable Board for defraying the cost of construction of the cable and for repaying any temporary loan borrowed before the passing of the Act.

Section 2 empowers the Treasury to borrow the amount of such issues, and provides with regard to the sums so borrowed, (1) that interest at the rate of 3 per cent per annum shall be paid thereon during the construction of the cable; and (2) that after construction the advances shall be repaid by means of terminable annuities calculated to repay the sums borrowed, with interest at the rate of 3 per cent per annum, within such period not exceeding 50 years as the Treasury may fix.

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Before the passing of the Act the Pacific Cable Board had obtained temporary advances amounting to £294,000 to meet necessary expenditure, namely, £2,000 advanced from the civil contingencies fund and £292,000 borrowed from the Bank of England. An issue of £294,000 was made to the board from the consolidated fund shortly after the Act became law to enable these temporary advances to be repaid, and further issues amounting to £67,800 have since been made to provide for current expenditure.

Directions have now to be given for borrowing the amount of these issues (£361,800), and of the further issues which may be required.

The arrangements which the Chancellor of the Exchequer proposes for this purpose are as follows:—

(1.) The National Debt Commissioners will be asked to make the advances out of funds available in their hands for investment, on the security of a terminable annuity to be set up on the completion of the cable and to run for a period of fifty years.

(2.) During the construction of the cable the Treasury will submit to Parliament in each financial year an estimate of the amount required to pay to the National Debt Commissioners interest at the rate of 3 per cent per annum on all the sums advanced by them up to the preceding 31st December, and also interest at that rate on all subsequent advances so far as it may be expected to fall due. The amount charged on the vote in respect of interest on advances during construction will, to the extent of 13-18ths, be repayable by the colonial governments.

CORRESPONDENCE BETWEEN THE RIGHT HONOURABLE SIR WILFRID LAURIER AND THE AUSTRALASIAN PREMIERS, DECEMBER 7 TO 20, 1901.

OTTAWA, December 20, 1901.

The Right Hon. R. J. SEDDON,
Wellington, New Zealand.

I received with great pleasure your cablegram of the 9th instant, in answer to mine of the 7th, suggesting a conference between the representatives of Australia, New Zealand and Canada in regard to intercolonial trade matters. It is the hope of the Canadian Government that a full discussion may result in Australasia and Canada being brought into closer relations with each other.

Owing to the difficulty of arranging a conference of this nature, perhaps it would be well not to limit the scope of the deliberations of such conference to any named subjects, but to have it understood that any matters affecting all or any two governments might be brought forward. At the same time it would be convenient if, in advance of the meeting, the respective governments were to intimate to each other some of the subjects proposed for discussion. In that view I submit the following questions:—

(1) Closer trade relations.

(2) Improvement of the mail service via Canada between Great Britain and Australasia.

(3) Improvement of transportation facilities.

(a.) By the establishment of a first-class line of passenger steamers between Australasia and Vancouver (Canada).

(b.) By the establishment of a line of steamers (chiefly for cargo purposes) between Australasian and Canadian ports on the Atlantic, stopping en route at South Africa.

(4) Consideration of the effect of the Pacific cable scheme by the concession granted by New South Wales to the Eastern Extension Telegraph Company.

I inclose copy of my cablegram to yourself and to the Premier of Australia, and of the replies.

WILFRID LAURIER.

SESSIONAL PAPER No. 77

OTTAWA, December 20, 1901.

The Hon. E. BARTON,
Melbourne, Australia.

I received with great pleasure your cablegram of the 11th instant, in answer to mine of the 7th, suggesting a conference between the representatives of Australia, New Zealand and Canada in regard to intercolonial trade matters. It is the hope of the Canadian Government that a full discussion may result in Australasia and Canada being brought into closer relations with each other.

Owing to the difficulty of arranging a conference of this nature, perhaps it would be well not to limit the scope of the deliberations of such conference to any named subjects, but to have it understood that any matters affecting all or any two governments might be brought forward. At the same time it would be convenient if, in advance of the meeting, the respective governments were to intimate to each other some of the subjects proposed for discussion. In that view I submit the following questions:—

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(4) Consideration of the effect of the Pacific cable scheme by the concession granted by New South Wales to the Eastern Extension Telegraph Company.

I inclose copy of my cablegram to yourself and to the Premier of New Zealand, and of the replies.

WILFRID LAURIER.

OTTAWA, December 7, 1901.

BARTON,
Melbourne.

Canadian Government propose a conference with representatives of Australia and New Zealand Governments in London next June, or other convenient time, for consideration of trade, postal, cable, transportation and any other intercolonial matters. Trust your Government will co-operate.

LAURIER.

OTTAWA, December 7, 1901.

SEDDON,
Wellington.

Canadian Government propose a conference with representatives of Australia and New Zealand Governments in London next June, or other convenient time, for consideration of trade, postal, cable, transportation, and any other intercolonial matters. Trust your Government will co-operate.

LAURIER.

ADELAIDE, December 11, 1901.

LAURIER,
Ottawa.

Thanks for telegram. No official invitation to coronation as yet received, but if this Government represented then will have pleasure co-operating proposed conference.

BARTON.

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CHEVIOT, NEW ZEALAND, December 9, 1901.

LAURIEB,
Ottawa.

Government New Zealand will cheerfully co-operate, and colony will be represented at conference on intercolonial matters mentioned in your despatch of 7th December.

SEDDON.

